

**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK**

HONGYU XIE, individually and on behalf of  
all others similarly situated,

Plaintiff,

v.

NANO NUCLEAR ENERGY INC., JAY YU,  
JAMES WALKER, and JAISUN GARCHA

Defendants.

Case No. 24-cv-6057 (JMF)

**SECOND AMENDED CLASS  
ACTION COMPLAINT FOR  
VIOLATION OF THE FEDERAL  
SECURITIES LAWS**

Jury Trial Demanded

Lead Plaintiff Hongyu Xie (“Plaintiff”), individually and on behalf of all others similarly situated, alleges the following upon personal knowledge as to Plaintiff, and upon information and belief as to all other matters based upon the investigation conducted by and through Plaintiff’s attorneys, which included, among other things, a review of documents filed by Defendant Nano Nuclear Energy, Inc. (“NNE” or the “Company”) with the U.S. Securities and Exchange Commission (“SEC”), research reports issued by securities and financial analysts, press releases issued by Defendants, media and news reports, and other publicly available information about Defendants. Plaintiff believes that substantial additional evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

**NATURE AND SUMMARY OF THE ACTION**

1. This is a securities fraud class action on behalf of all persons and entities, other than Defendants, who purchased or otherwise acquired NNE securities between May 8, 2024 through July 30, 2024, both dates inclusive (the “Class Period”), seeking to recover damages caused by Defendants’ violations of the federal securities laws and to pursue remedies under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (“Exchange Act”), 15 U.S.C. §§ 78j(b) and 78t(a), and

Rule 10b-5 promulgated thereunder by the SEC, 17 C.F.R. § 240.10 b-5.

2. NNE, a pre-revenue company that has incurred losses since its inception, is focused on the nuclear SMR (small/medium reactor) sector. NNE purports to develop next generation advanced nuclear microreactors using its solid core battery reactor and low-pressure salt coolant reactor technologies. Building a single small modular reactor costs hundreds of millions of dollars for research and development. But NNE's complete business plan is far more costly. Specifically, per the offering documents filed in connection with its initial public offering ("IPO"), NNE's business strategy involves acquiring enriched uranium, turning it into usable fuel, transporting it on its own trucks to its own "cutting-edge" microreactors, and running a consulting business that sells companies and governments on the benefits of nuclear technology. The Company, which claims that is "seeking to become a commercially focused, diversified, and vertically integrated company" has four primary offerings include the following: (i) microreactors (its ZEUS solid core battery reactor and ODIN low-pressure salt coolant reactor; (ii) fuel fabrication uranium fuel business; (iii) fuel transportation services; and (iv) nuclear consultation services.

3. On May 8, 2024 NNE announced the pricing of its IPO of 2,562,500 shares of its common stock at a price to the public of \$4.00 per share, less underwriting discounts and commissions, and began trading on the Nasdaq Capital Market that same day. The Company earned net proceeds from the IPO of \$9,000,000. When Defendants announced the IPO, they told investors that they would spend almost 70% of the net proceeds on research and development- a necessity for a company self-described as "an early stage company in an emerging market with an unproven business model, a new and unproven technology model, and a short operating history." As explained *infra*, however, Defendants in fact spent very little on research and development for an early stage company attempting to build microreactors and a

fuel fabrication facility, focusing their efforts instead on promoting the Company to inflate the stock price and line their pockets.

4. Indeed, NNE's stock rose more than 450% since the Company went public, reaching a market capitalization of more than \$850 million despite having no products, no revenue, no patents of its own for its core technology, and no reasonable pathway to commercialize its purported business lines in accordance with the aggressive timelines Defendants touted throughout the Class Period, which multiple industry experts have deemed "ludicrous" and "frankly laughable."

5. The regulatory frameworks for nuclear reactors and fuel fabrication facilities are rigorous and involve multiple layers of required approvals that historically have taken decades to navigate. The regulatory pathway for microreactors is particularly uncertain given that the currently implemented frameworks are not tailored for these next generation advanced nuclear microreactors. Implementation of a regulatory framework applicable to microreactors is not expected until at least 2027.

6. Nevertheless, in both public statements and regulatory filings, Defendants repeatedly touted NNE's progress towards obtaining the required regulatory approvals from the Nuclear Regulatory Commission ("NRC") for commercialization and short timelines for commercial operations, though in reality, they had not begun the multilayered multi-year process at all. Specifically, Defendants assured investors that they could bring their nuclear microreactors to market by 2030-2031. However competitors with more resources spent nearly two decades attempting to successfully navigate a rigorous, time consuming, and capital intensive regulatory pathway that the cash strapped NNE has yet to meaningfully embark upon.

7. In other words, Defendants falsely told investors that their aggressive timelines were plausible, though the following undisclosed facts meant that achieving their timelines was

an impossibility: (i) NNE's aggressive timeline surpassed timelines of competitors with far more capital and far more progress on their regulatory pathway; (ii) NNE has not even begun the rigorous regulatory process; (iii) Defendants, NNE's executive leadership team, do not work at NNE full time and have a history of running public companies that are now penny stocks; and (iv) NNE did not have a single full time technical or scientific employee during the Class Period dedicated to development of its products or to pursuing the regulatory pathway for any of its business lines.

8. Additionally, Defendants stated throughout the Class Period that they could have a fuel fabrication facility in operation by 2027. Building a fabrication plant requires regulatory review and licensing, which takes several years, but Defendants have yet to even file a permit application. Even before going public, NNE's CEO Defendant James Walker told trade publication Utility Dive on May 17, 2023 that approvals for the Company's designs for a fuel fabrication plant at the Idaho National Laboratory ("INL"), a U.S. government laboratory for nuclear energy research and development, were "pretty much complete," though they had not begun the regulatory process at all. Indeed, industry experts confirm that Defendants' projected 2027 timeline for operation of a fuel fabrication facility is therefore a "fantasy," with no reasonable basis. (See ¶¶67-70; 80-83).

9. Throughout the Class Period, Defendants also touted NNE's "world class team" though Defendants Yu and Garcha have no relevant nuclear experience, none of the Defendants work for NNE full time, and not a single one of NNE's employees with relevant nuclear knowledge (including the four employees leading development of the two microreactors) works for NNE full time.

10. On July 19, 2024, investigative journalist Hunterbrook Media ("Hunterbrook") published a report entitled "*Fission Impossible: Nano Nuclear has no revenue, no Products,*

*“Laughable” Timelines, Part-Time Executives, and a \$600 Million Market Cap*” (the “Hunterbrook Report”).

11. The Hunterbrook Report quoted an industry expert who called NNE’s timeline “frankly laughable” and a former chair of the U.S. Nuclear Regulatory Commission who said flatly it “won’t happen” citing competitors with more expertise and resources that have taken 15-20 years for similar projects.

12. The Hunterbrook Report also revealed that NNE’s executive chairman and president, CEO, and CFO work as independent contractors at the company and continue to hold senior management positions at other penny-stock companies.

13. Most significantly, the Hunterbrook Report revealed that “[a]s of July 2024, the U.S. Nuclear Regulatory Commission does not list NNE among the companies that have begun pre- application activities for the kind of reactor NNE is pitching.” The Hunterbrook Report quoted an NRC public affairs officer as saying the Advanced Reactor department has “not had any pre-application dealings with them.” Despite Walker’s claim that approvals for a uranium fuel fabrication facility were “pretty much complete,” NNE appears to have “filed no permitting or regulatory application documents with the NRC” based on a review of the agency’s publicly available online records.

14. NNE’s share price declined over 10% intraday after Hunterbrook released its report on July 19, 2024. As the market absorbed the significance of the revelations in the Hunterbrook Report, NNE’s share price continued to decline. On July 22, 2024, NNE’s stock price fell from a July 19, 2024 close of \$19.30 per share to a July 22, 2024 close of \$15.97 per share, a 17% decline.

15. Then on July 31, 2024, before the market opened, Barron’s published an article entitled “Andrew Cuomo is Back in Business—the Nuclear Power Business.” The Barron’s article

noted that NNE's "Prospectus notes that the company hasn't built or patented any nuclear reactor. Its board of directors includes a Florida orthopedist and a New York pharmacist. As of mid-July, Nano's filings said it had no full-time employees." It also confirmed that "securities filings show that Nano's top executives have spent much of the past decade promoting Canadian mining penny stocks" and that, contrary to the above-referenced statements, NNE had "produced little more than a Prospectus."

16. The publication of the Barron's article, ~~when~~which lent additional credence and credibility to the Hunterbrook Report's allegations, caused NNE's stock to drop an additional 7.37% to close at \$11.81 on July 31, 2024 and 16.51% to close at 9.86 the following day on August 1, 2024 as the market absorbed the news.

17. Throughout the Class Period, Defendants made false and/or misleading statements, and failed to disclose material facts, including that: (i) NNE's purported progress toward regulatory approval for the design of its planned micro reactors and fuel fabrication plant was nonexistent; (ii) NNE's timelines for commercialization were wildly optimistic, at best, and most likely impossible; (iii) NNE did not in fact have a world class management, scientific or technical team; (iv) the foregoing issues were likely to have a material negative impact on the Company's projected revenues and growth; (v) as a result, the Company's financial position and/or prospects were overstated; and (vi) as a result, Defendants' public statements were materially false and misleading at all relevant times.

18. As a result of Defendants' wrongful acts and omissions, and the precipitous decline in the market value of the Company's securities, Plaintiff and other Class members have suffered significant losses and damages.

### **JURISDICTION AND VENUE**

19. The claims asserted herein arise under §§10(b) and 20(a) of the Exchange Act, 15

U.S.C. §§78j(b) and 78t(a), and Rule 10b-5 promulgated thereunder by the SEC, 17 C.F.R. §240.10b-5. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. §1331 and 1367, and pursuant to §27 of the Exchange Act, 15 U.S.C. §78aa.

20. This Court has jurisdiction over each Defendant named herein because each Defendant is an individual or corporation who has sufficient minimum contacts with this District so as to render the exercise of jurisdiction by the District Court permissible under traditional notions of fair play and substantial justice.

21. Venue is proper in this District pursuant to §27 of the Exchange Act, 15 U.S.C. §78aa and 28 U.S.C. §1931(b), as the Company has its principal executive offices located in this District and conducts substantial business here.

22. In connection with the acts, omissions, conduct, and other wrongs alleged in this complaint, Defendants, directly or indirectly, used the means and instrumentalities of interstate commerce including but not limited to the United States mail, interstate telephone communications and the facilities of the national securities exchange.

### **PARTIES**

23. Plaintiff Hongyu Xie, as set forth in the certification previously filed with this Court, purchased NNE common stock during the Class Period and has been damaged thereby.

24. Defendant NNE, Inc. is a Nevada corporation incorporated on February 8, 2022, with its principal executive offices located at 10 Times Square, 30th Floor, New York, New York. The Company's stock trades on the Nasdaq Stock Exchange under the ticker symbol "NNE."

25. Defendant James Walker was NNE's Chief Executive Officer ("CEO") at all relevant times.

26. Defendant Jay Jiang Yu was NNE's Founder and Chairman at all relevant times.

27. Defendant Jaisun Garcha was NNE's Chief Financial Officer ("CFO") at all relevant times.

28. Collectively, Defendants Walker, Yu, and Garcha are referred to throughout this complaint as the "Individual Defendants."

29. The Individual Defendants, because of their positions at the Company, possessed the power and authority to control the content and form of the Company's annual reports, quarterly reports, press releases, investor presentations, and other materials provided to the SEC, securities analysts, money and portfolio managers and investors, i.e., the market. The Individual Defendants authorized the publication of the documents, presentations, and materials alleged herein to be misleading prior to its issuance and had the ability and opportunity to prevent the issuance of these false statements or to cause them to be corrected. Because of their positions with the Company and access to material non-public information available to them but not to the public, the Individual Defendants knew that the adverse facts specified herein had not been disclosed to and were being concealed from the public and that the positive representations being made were false and misleading. The Individual Defendants are liable for the false statements pleaded herein.

30. NNE and the Individual Defendants are referred to herein, collectively, as "Defendants."

#### **CONFIDENTIAL WITNESS**

31. Confidential Witness ("CW") 1 was director of energy programs for NNE from October 2022 through February 2024. CW1 was NNE's "in-house expert on the Inflation Reduction Act" and "the only one who knew how energy gets connected to the grid." NNE hired CW1 to write grants. Part of CW1's job was to research policy, and explain public policy to nuclear engineers, policymakers, and the public. CW1 worked on site at NNE's headquarters



along with Defendant Yu and three administrative employees. CW1 reported to, and worked most closely with, Defendant Yu.

### **SUBSTANTIVE ALLEGATIONS AND FACTUAL BACKGROUND**

32. NNE is a pre-revenue company focused on the nuclear SMR (small/medium reactor) sector. Defendants' touted business plan is to both manufacture SMRs and develop a related supply chain, including consulting, fuel fabrication and delivery for advanced fuel, specifically High-Assay Low-Enriched Uranium ("HALEU"). Defendant Jay Yu founded NNE in February 2022 to develop next generation advanced nuclear microreactors (also known as nuclear fission reactors, special-purpose reactors, or vSMRs (i.e. very small modular reactors, or microreactors)) using its solid core battery reactor and low-pressure salt coolant reactor technologies.

33. A microreactor is a small nuclear reactor that can operate as part of the electric grid<sup>1</sup>, independently from the electric grid, or as part of a microgrid to generate up to 20 megawatts thermal energy that can be used to generate electricity and provide heat for industrial applications. Microreactors have three main features: (i) they are factory fabricated and then shipped out fully assembled to a location; (ii) they are transportable, and can be shipped by truck, shipping vessel, airplane or railcar; and (iii) they are self-adjusting, thus do not require a large number of specialized operators and utilize passive safety systems that prevent any potential for overheating or reactor meltdown.

34. Because microreactors can be rapidly deployed and are easily scalable, they can be used for many situations including district heating, water desalination, hydrogen fuel production, and emergency use cases like outages or natural disasters given their portability.

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<sup>1</sup> The U.S. electric grid is a vast network made up of power plants, transmission lines, and distribution centers that collectively and constantly balance the supply and demand for the energy that powers everything from industry to household appliances.

35. On May 13, 2024, the Company announced that it had completed a \$10,250,000 IPO on May 10, 2024, pricing 2,562,500 at \$4 a share, and earned net proceeds of \$9,000,000. NNE shares began trading on the NASDAQ Capital Market on May 8, 2024. NNE is an “emerging growth company” and a “smaller reporting company,” which effectively enables management to produce significantly less information for shareholders.

36. When Defendants announced the NNE IPO and filed a Registration Statement on March 19, 2024, they estimated that they would use approximately “67.7% of the net proceeds from this offering for the research and development of products and technology, including design optimization, test work and scoping studies.”

37. Indeed, building a single small modular reactor costs hundreds of millions of dollars, or even billions, for research and development. But NNE’s complete business plan is far more costly. Specifically, per its offering documents, NNE’s business strategy involves acquiring enriched uranium, turning it into usable fuel, transporting it on its own trucks to its own “cutting-edge” microreactors, and running a consulting business that sells companies and governments on the benefits of nuclear technology.

38. In other words, the Company purports to have four business lines: (i) micro nuclear reactor business, which includes two nuclear microreactors under development, the ZEUS solid core battery reactor and the ODIN low-pressure salt coolant reactor; (ii) fuel fabrication uranium fuel business through its subsidiary HALEU Energy Fuel Inc.; (iii) fuel transportation services; and (iv) nuclear consultation services. In line with its name, the Zeus and Odin microreactors are particularly small, or “nano”, intended to provide between 1 and 2MW of electricity for use in four key markets:

- a) Mining operations for remote power generation;
- b) Maritime industry for vessel power;

- c) EV charging infrastructure; and
- d) Data centers and AI computing facilities.

39. The Company does not have any patents for its microreactor designs (and has filed only one provisional patent application for the Zeus microreactor) though companies like competitor NuScale Power Corp. (“NuScale”) have over 500 granted or pending patents spanning 21 countries.

40. HALEU Energy Fuel Inc. is a NNE subsidiary, purportedly focused on the future development of a domestic source for a HALEU fuel fabrication pipeline for NNE’s own microreactors as well as the broader advanced nuclear reactor industry. NNE claimed in its July 15, 2024 Prospectus that it had “been working with the DOE and INL [Idaho National Laboratory] on our fuel fabrication facility plans and stated that the anticipated selected site for the fuel facility is in Idaho, near the INL facilities.” According to news outlet Utility Dive, the fuel fabrication facility will cost NNE approximately \$150 to \$200 million, and Defendant Walker confirmed to Utility Dive that “construction start [in 2024] is feasible” as approvals are “pretty much complete.”<sup>2</sup>

41. Advanced Fuel Transportation Inc., another NNE subsidiary, is purportedly building a North American transportation company that will provide commercial quantities of HALEU fuel to small modular reactors, microreactor companies, national laboratories, military, and DOE programs. According to NNE, AFT (through NNE) is the exclusive licensee of a patented high-capacity HALEU fuel transportation basket developed by three major U.S. national nuclear laboratories and funded by the Department of Energy (“DOE”).

42. NNE (including its subsidiaries) has never earned any revenue but has significant

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<sup>2</sup> Stephen Singer, *Nano Nuclear Technology to build fuel fabrication plant at Idaho National Lab*, Utility Dive (May 17, 2023), <https://www.utilitydive.com/news/nano-nuclear-technology-fuel-fabrication-plant-idaho-national-lab/650458/>.

general and administrative, and research and development expenses associated with its development efforts. Nevertheless, though NNE has no revenue, products, or patents for its core technology (though it claims to have an application for a “U.S. Provisional Patent- ‘ZEUS’ to protect certain key design considerations” with the United States Patent and Trademark Office (USPTO)), it reached a market capitalization of \$850 million during the Class Period.

43. While the market opportunity for small modular reactors is potentially large due to growing demand for non-fossil fuel energy sources, licensing in the U.S. has been extremely slow and there are a number of competitors much further along than NNE.

#### **The Rigorous Regulatory and Licensing Framework**

44. Nuclear energy production and the fabrication of nuclear fuel are among the most strictly regulated and closely monitored industries in the United States. The development of new nuclear reactors and new sources of enriched uranium that can be used as nuclear fuel are extraordinarily time and capital-intensive undertakings. Yet, throughout the Class Period Defendants publicly touted that NNE’s “world class” team could bring nuclear microreactors to market between 2030 and 2031, a feat that – unbeknownst to investors—was belied by the extremely lengthy regulatory and licensing process that NNE *had yet to begin*.

45. To receive approval for operation, microreactors must abide by and successfully complete a rigorous regulatory and licensing process through the NRC, the DOE, or the Department of Defense (“DoD”). Given that microreactors are a relatively new and disruptive technology that could be used for commercial or military applications, historically there has been no clearly designated path to obtain the requisite licensing. Licensing frameworks were tailored specifically to large, traditional light water reactors (“LWRs”) that have been developed and understood by the nuclear industry for many years. Microreactors have significant design differences relative to the more commonly used LWRs, specifically with regard to materials,

coolant, reflectors and potential applications.

46. The NRC, created by Congress in 1974, regulates civilian use of nuclear materials, including nuclear power plants, to ensure adequate protection of public health and safety, to promote the common defense and security, and to protect the environment. The NRC oversees and must specifically license and approve new designs. Licensing a nuclear technology development and getting it approved by the NRC requires reviews on multiple fronts, public hearings, proposals, and reports. Historically, the process has taken at least twenty years (*see, e.g., ¶86 infra*). The NRC regulates the use of nuclear materials in order to protect public health and safety by establishing standards, issuing licenses, inspecting facilities, and setting limits on radiation exposure.

47. The DOE is responsible for the research, development, and promotion of nuclear power. The DoD's mission is to provide the military forces needed to deter war and to protect the security of the country. The NRC, DOE and DoD are responsible for the design, construction, operation, maintenance, decommissioning, and decontamination of nuclear infrastructures and for insuring that processes and materials meet expected levels of performance and safety. Using quality assurance programs enables these organizations to provide quality control and oversight of nuclear facilities through the use of audits, inspections, testing and corrective action reports.

48. The Atomic Energy Act of 1954 ("AEA") requires every nuclear power plant (or other facility handling radioactive materials) to be licensed by the federal government for construction and operation. This means that all commercial nuclear plants that provide electricity to the grid must first obtain a license from the NRC.<sup>3</sup>

49. The NRC licensed all 104 of the currently operating nuclear power reactors in

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<sup>3</sup> Denise Owusu et al., Idaho National Laboratory, Regulatory and Licensing Strategy for Microreactor Technology [page 3] (INL/EXT-18-51111-Revision-0, Aug. 2018) (citations omitted), [https://inldigitallibrary.inl.gov/sites/sti/sti/Sort\\_7269.pdf](https://inldigitallibrary.inl.gov/sites/sti/sti/Sort_7269.pdf).

the United States based on the rigorous licensing process described below. The NRC approved construction of all 104 plants between 1964 and 1978, and granted the most recent operating license in 1996. These licenses include critical information such as: (i) type and amount of radioactive material that may be held or used, (ii) training and qualifications of workers, (iii) specific procedures for using the materials, and (iv) special safety precautions. According to the NRC, their established safety goals are to:

provide individual members of the public with a level of protection from the consequences of nuclear power plant operation such that individuals bear no significant additional risk to life and health,

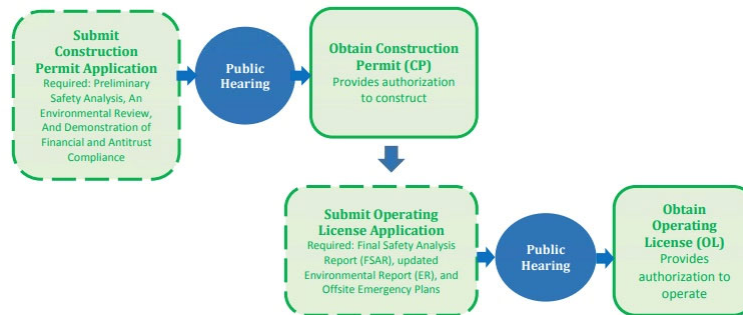
and to ensure that:

societal risks to life and health from plant operation are comparable to or less than the risks of generating electricity by viable competing technologies.

50. While there has been no clear regulatory framework for microreactors, there are two main frameworks that apply to LWRs: “Domestic Licensing Production and Utilization Facilities,” 10 CFR Part 50 and 10 CFR Part 52.

51. 10 CFR Part 50 provides for a two-step process:

- 1) Applicants must apply for and obtain a construction permit to begin building the facility. Public hearings are scheduled near the proposed site to discuss safety and environmental aspects of the application, the planned location, and the NRC licensing process. After the initial public hearings and NRC review of the preliminary design, applicants can receive a permit to start construction.
- 2) During construction, applicants must apply for and obtain an operating license. After the applicant applies, a mandatory hearing is conducted, during which it is determined whether all safety and environmental requirements are met. If they have been, the NRC issues the license and the applicant can load fuel and begin operating the facility.



52. According to the INL (a U.S. DOE National Laboratory operated by Battelle Energy Alliance) two main issues arise while engaging in the approval process.<sup>4</sup> The first issue is that applicants begin construction with only preliminary (instead of final) plant designs that they then inspect as they go along, ultimately resulting in a large amount of reworking of the design due to a potential lack of compliance with regulations that is only determined during the construction process.<sup>5</sup> This not only takes more time, but consequently raises costs as well.<sup>6</sup> In one case, a reactor that was estimated to cost ~\$500 million and take six years to build took several billion dollars and more than ten years to complete.<sup>7</sup> The second issue is the length of time of the hearings conducted prior to the issuing of the OL.<sup>8</sup> As the industry matured, and in light of incidents like Three Mile Island, hearings could take as long 23 years to complete.<sup>9</sup> This leaves completed plants idle while facing economic pressures from construction costs. In some cases, applicants have abandoned the application completely due to the foreseen financial strain.<sup>10</sup>

53. In April 1989, to improve the financial viability of constructing nuclear facilities in light of the burdensome economics and massive regulatory risks, the NRC created an

<sup>4</sup> Owusu, *supra* note 3, at 4.

<sup>5</sup> *Id.*

<sup>6</sup> *Id.*

<sup>7</sup> *Id.* (citation omitted).

<sup>8</sup> *Id.*

<sup>9</sup> *Id.*

<sup>10</sup> *Id.* (citation omitted).

alternative process based on new regulations --- 10 CFR Part 52. This process combines the two step process of 10 CFR Part 50 into one step to streamline the licensing process and ensure a more predictable regulatory environment for new reactor licensing.<sup>11</sup> However, even under 10 CFR Part 52, the licensing and construction timeframe is between nine and ten years.

54. Under 10 CFR Part 52, an applicant can opt to partake in a pre-application review and attain both an early site permit (“ESP”) and a design certification (“DC”) before applying for the construction permit and operating license. The NRC conducts the pre-application review, which provides applicants with early feedback on any licensing issues they may face with their proposed design. The ESP is valid for 20 years and addresses plans for coping with emergencies, site safety, and environmental protection issues. The DC is valid for 15 years and gives the applicant the ability to certify pre-approved plant designs. It takes the NRC approximately 42 months to approve an operating license.<sup>12</sup> After the application is submitted, it is reviewed by the Advisory Committee on Reactor Safeguards and the NRC, then debated at a public hearing. After the NRC approves the application and the applicant constructs the plant, the NRC verifies that the required inspections, tests, analyses, and acceptance criteria have been met to prove that the plant has been built according to design and should be allowed to operate.<sup>13</sup> Members of the public then have the option to participate in an additional hearing, which is then followed by approval to operate the plant.

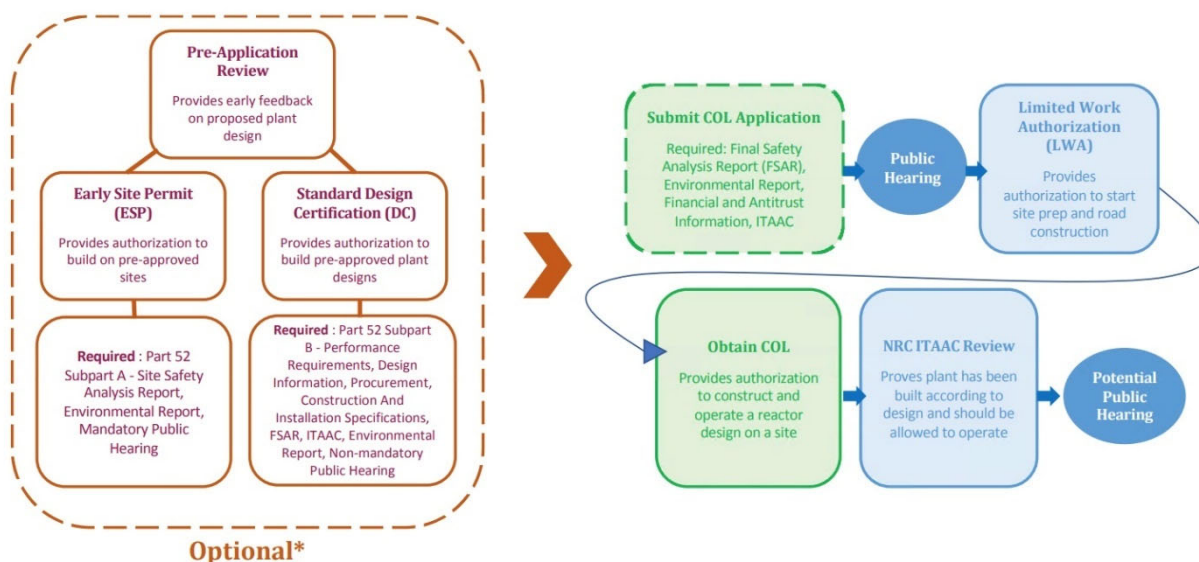
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<sup>11</sup> *Id.* (citation omitted).

<sup>12</sup> *Id.* (citation omitted).

<sup>13</sup> *Id.* (citation omitted).





55. Also in the 1980s, the NRC shifted toward “risk-informed decision making,” and began creating strategies for licensing the next generation of reactors, (aka non-LWR reactors, or advanced reactors)—within the bounds of existing regulations-- with the expectation that new designs would include: (i) simplified safety systems that require fewer operator actions, (ii) reliable equipment that reduces the need to activate safety systems, and (iii) easily maintainable equipment that reduces plant personnel radiation exposure during maintenance activities. The NRC thus adjusted the licensing framework to include probabilistic risk assessments (“PRAs”), which estimate risk by computing real numbers to predict what could go wrong, the likelihood of occurrence, and the severity of the consequences.<sup>14</sup> The 10-step PRA application process is:

<sup>14</sup> NRC, New Reactors: Striving for Enhanced Safety [pages 3, 7-8] (NUREG/BR-0356, Nov. 2011), <https://www.nrc.gov/docs/ML1134/ML11343A026.pdf>.

|                |   |
|----------------|---|
| <b>Stage A</b> | 1. Characterize plant design life cycle stage and PRA application.<br>2. Characterize site characteristics.<br>3. Select PRA scope and level of detail consistent with design stage and applications.<br>4. Determine capability category needed for each portion of the PRA. |
| <b>Stage B</b> | 5. Verify PRA scope and risk metrics are sufficient to support application.   |
| <b>Stage C</b> | 6. Determine requirements in the PRA Standard are sufficient for application.   |
| <b>Stage D</b> | 7. Determine that PRA satisfies requirements for application.   |
| <b>Stage E</b> | 8. Ensure that PRA has sufficient capability.<br>9. Use PRA to support the application.<br>10. Provide risk input to decision maker.  |

56. In addition to PRAs, the NRC also crafted the NRC Vision and Strategy: Safely Achieving Effective and Efficient Non-Light Water Reactor Mission Readiness document (No. ML16356A670), a strategy document created to improve the NRC's readiness to regulate non-LWR technologies and minimize risk. According to the NRC: "Regulatory readiness includes the clear identification of NRC requirements and the effective and timely communication of those requirements to potential applicants in a manner that can be understood by stakeholders with a range of regulatory maturity." The NRC strategy for improving regulatory readiness includes the following:

| <b>Activities for Improving Readiness</b>   |
|---|
| Establish and document the criteria necessary to reach a safety, security, or environmental finding for non-LWR applicant submissions   |
| Determine and document appropriate non-LWR licensing bases and accident sets for highly prioritized non-LWR technologies  |
| Identify, document, and resolve (or develop a plan to resolve) current regulatory-framework gaps for non-LWRs   |
| Develop and document a regulatory review “roadmap” that reflects the design development lifecycle and appropriate points of interaction with the NRC and references appropriate guidance to staff reviewers and applicants  |
| Prepare and document updated guidance for prototype testing, research and test reactors   |
| Engage reactor designers and other stakeholders regarding technology- and design-specific regulatory engagement plans and develop regulatory approaches commensurate with the risks posed by the technology   |
| Support longer-term efforts to develop, as needed, a new non-LWR regulatory framework that is risk-informed, performance-based, and that features staff review efforts commensurate with the demonstrated safety performance of the non-LWR nuclear power plant design being considered |

57. Additionally, the NRC is working on a new proposed rule, known as 10 CFR Part 53, a licensing framework that is suitable for a new generation of reactors that are fundamentally different from the reactors currently in operation now, and that the current rules are drafted to regulate. The Nuclear Energy Innovation and Modernization Act,<sup>15</sup> enacted in January 2019, does not require the NRC to complete the Part 53 rulemaking process until the end of 2027. Indeed, according to NRC’s website, the NRC does not expect to provide the draft final rule package for Part 53 until May 1, 2026 or to issue to final rule until the end of 2027.<sup>16</sup>

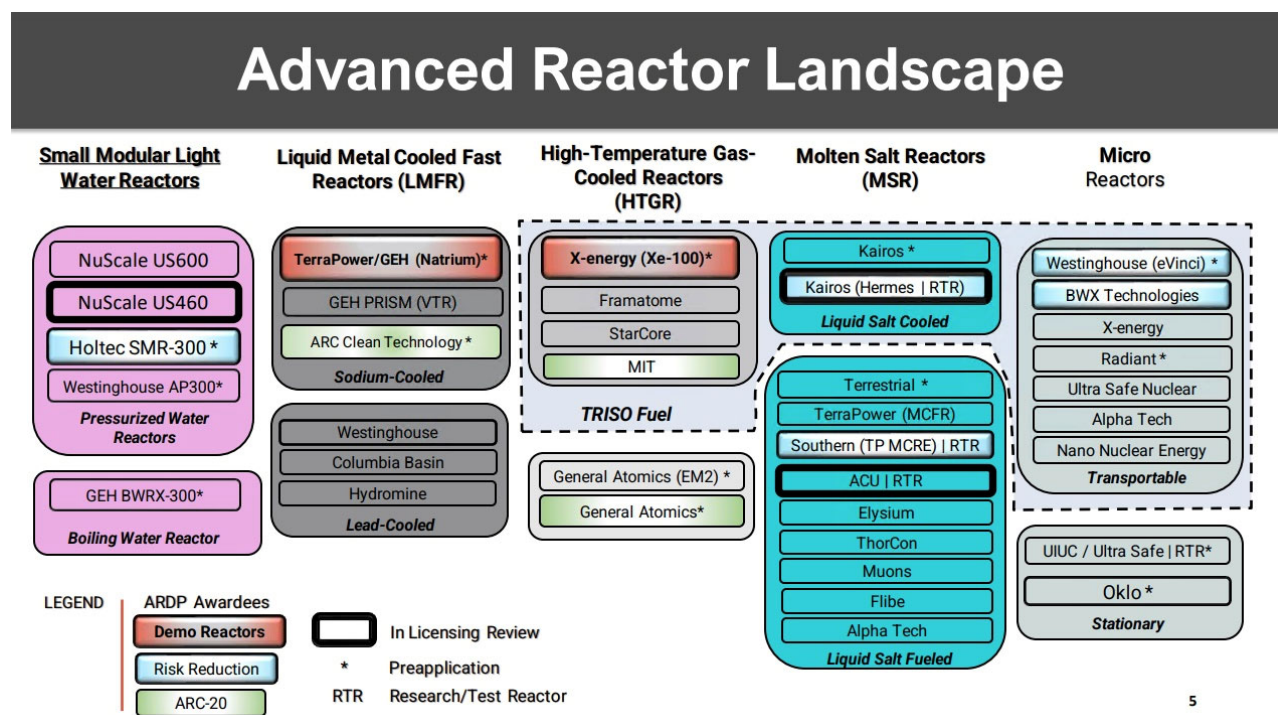
58. Given this lengthy rulemaking process, early-mover advanced reactor developers are pursuing *existing* licensing pathways for their first projects. For example, Oklo Inc. told its shareholders in its Q2 2024 Shareholder Letter that it is pursuing a “combined licensing process;” Oklo began engaging with the NRC in 2016, submitted a combined license in 2020, and after

<sup>15</sup> Pub. L. No. 115-439, 132 Stat. 5565 (2019), <https://www.congress.gov/bill/115th-congress/senate-bill/512/text>.

<sup>16</sup> *Part 53 – Risk Informed, Technology-Inclusive Regulatory Framework For Advanced Reactors*, NRC, <https://www.nrc.gov/reactors/new-reactors/advanced/modernizing/rulemaking/part-53.html> (last accessed Jan. 6, 2025).

incorporating NRC feedback intended to submit a new pre-application readiness assessment by end of 2024 so that it could submit a new combined license application by 2025.<sup>17</sup>

59. The transcript of a NRC Advisory Committee on Reactor Safeguards teleconference held on April 3, 2024, illustrates that not only had NNE not yet begun the regulatory process with the NRC, but that multiple competitors in both the stationary and transportable microreactor space had started the process:



NRC, Transcript of Advisory Committee on Reactor Safeguards, 714th Full Committee Meeting, at 311 of 439 (Apr. 3, 2024).<sup>18</sup>

60. Moreover, though not reflected on the above chart, another advanced reactor developer, TerraPower applied for separate construction and operating licenses through the 10 CFR Part 50 pathway, and announced in March 2024 that it had submitted its construction permit

<sup>17</sup> Oklo Q2 2024 Shareholder Letter, [https://s203.q4cdn.com/103172959/files/doc\\_financials/2024/q2/Oklo\\_Shareholder-Letter\\_Q2\\_Final-HIGH-RES-Updated.pdf](https://s203.q4cdn.com/103172959/files/doc_financials/2024/q2/Oklo_Shareholder-Letter_Q2_Final-HIGH-RES-Updated.pdf).

<sup>18</sup> <https://www.nrc.gov/docs/ML2412/ML24121A190.pdf>.

application to the NRC after working closely with the NRC in pre-application meetings, planned to begin construction in late spring or early summer 2024 and to begin power-generating operations by 2030.<sup>19</sup>

61. On July 9, 2024, President Biden signed into law the Accelerating Deployment of Versatile, Advanced Nuclear for Clean Energy (“ADVANCE”) Act, which is meant to, *inter alia*, empower the NRC to develop regulations for advanced nuclear reactors/microreactors and reduce regulatory costs for companies seeking to license advanced nuclear reactor technologies. However, the NRC’s implementation status dashboard for the Advance Act shows that it will not “implement risk-informed and performance based strategies and guidance for the licensing and regulation micro-reactors” until the *third quarter of 2027*.

### **Defendants Tout Impossible Timelines**

62. Defendants projected throughout the Class Period that they would commercially launch at least one of NNE’s microreactor products by 2030-31 (same timeline as TerraPower which has already begun the regulatory process), and stated that part of their microreactor licensing strategy is to “obtain regulatory approval using the most efficient licensing pathway by engaging the regulator early,” but failed to reveal that they had not begun the process at all- much less early- and thus had no basis for projecting launch by 2030-31. At no point during the Class Period did the NRC list NNE among the companies that have begun the pre-application process for either of its microreactors.

63. When CW1 started with NNE, the Company’s “entire business model depended on a factory that produces microreactors and “the NRC [currently] has no framework for

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<sup>19</sup> Press Release, TerraPower, TerraPower Submits Construction Permit Application to the U.S. Nuclear Regulatory Commission for the Sodium Reactor Demonstration Project (Mar. 29, 2024), <https://www.terrapower.com/terrapower-submits-cpa-nrc/>; Brian Martucci, *New NRC licensing road map aims to add clarity for advanced reactor applications*, Utility Dive (Apr. 3, 2024), <https://www.utilitydive.com/news/nuclear-regulatory-commission-nrc-advanced-reactor-smr-licensing-roadmap/712155/>.



approval.” Moreover, CW1 revealed that during the time CW1 worked for NNE, it had no dedicated employee tasked with handling licensing or regulatory issues, though this is an integral component of the Company’s stated business plans. In fact, according to CW1, NNE will not proceed with the approval process *until 10 CFR Part 53 is implemented* (which, as stated *supra* will be no earlier than 2027 according to the NRC). CW1 stated that “Part 53 basically means less prescriptive, more accommodating. Everyone agrees first submissions under Part 53 are a minimum of 4 years. 4 years to get permission to start project, 2 years to then do anything.”

64. CW1 described telling Defendant Yu in person in NNE’s offices during the course of CW1’s employment that the 2030-31 deadline was unrealistic.

65. CW1 further stated that costs for building nuclear reactors in the U.S. are astronomical due to NRC regulations and only “some states” permit the building of nuclear reactors, yet management seemed to have little concern beyond tossing out low ball numbers regarding how much building a factory might cost, though CW1’s own research on comparable factories revealed that it would likely be in excess of \$4 billion. CW1 made clear that it does not matter how great the designs are for the reactors unless you can bring them to market; i.e. you need NRC design approval and NRC approval to construct. During CW1’s time at NNE there were no concrete or specific discussions on where NNE would even build a factory.

66. Additionally, CW1 explained that regular nuclear reactors have to join a queue to get on to an electrical grid, which is usually a four-year process. While one of the options for microreactors is that they might be “behind the meter,” i.e., they do not need to go through an electric grid but rather can power a factory or datacenter directly, there is no clarity as to the process the NRC will undertake to approve such a set up or how long of a delay there will be prior to any approval. CW1 discussed the timing concerns with Defendant Yu, but Defendant Yu – conceding they were far from that point in the regulatory process- told CW1 they would cross

that bridge when they came to it. Despite having no clear insight into critical timing matters in the approval process, Defendants still maintained they could commercialize NNE's microreactors by 2030-31.

67. NNE's fuel fabrication business line fares no better. The process to obtain licensing for a commercial fuel fabrication facility, i.e., for NNE subsidiary HALEU Energy Fuel, Inc.'s uranium fuel business, is also rigorous and lengthy. The process is set forth in 10 CFR Part 70, and involves an integrated safety analysis to assess radiation protection, chemical process safety, emergency management, and decommissioning.<sup>20</sup> In August 2023, NNE announced that it had filed a proposal to build a HALEU facility at the INL. The Company said in regulatory filings that it planned to purchase land in the second quarter of 2024 for the development of a HALEU fabrication plant that would be the first of its kind in the U.S. Utility Dive reported in May 2023, that Defendant Walker stated that the required approvals for the plant were "pretty much complete" and estimated that construction on the project could possibly start in 2024. NNE stated throughout the Class Period that they could have a fuel fabrication facility in operation by 2027. Building a fabrication plant requires NRC approval but the NRC records database does not list a permit application from NNE.<sup>21</sup>

68. Moreover, as CW1 explained, it is of little significance to have a fuel fabrication facility if you don't have HALEU you can fabricate into fuel. Only one American company in the U.S., Centrus Energy Corp., is licensed to enrich uranium up to the levels commonly needed for SMR and microreactor designs. However, according to CW1, it is so expensive to increase capacity to the levels needed that Centrus will not do it without guaranteed committed buyers.

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<sup>20</sup> 10 C.F.R. § 70 (2014), <https://www.ecfr.gov/current/title-10/chapter-I/part-70>.

<sup>21</sup> *Pre-Application Activities for Advanced Reactors*, NRC, <https://www.nrc.gov/reactors/new-reactors/advanced/who-were-working-with/pre-application-activities.html> (last accessed Jan. 6, 2025); *SMR Pre-Application Activities*, NRC, <https://www.nrc.gov/reactors/new-reactors/smr/licensing-activities/pre-application-activities.html> (last accessed Jan. 6, 2025); *Web Based ADAMS*, NRC, <https://adams.nrc.gov/wba/> (last accessed Jan. 6, 2025).

The only customers for HALEU, CW1 stated, are SMR builders, but no SMRs have been built to date and the NRC rule to approve them is not finalized. In March 2023, NNE signed a memorandum of understanding (“MOU”) with Centrus that says the companies will “explore” the possibility of Centrus providing HALEU to NNE’s HALEU Energy Inc. while NNE develops its own uranium supply.<sup>22</sup> However, the MOU is nonexclusive, nonbinding, and Centrus said it would take a minimum of 42 months to scale up production *if the company secures enough funding*. Moreover, as CW1 explained, unlike competitors TerraPower, NuScale, and X-Energy, NNE does not have federal government funding for billions of dollars and it is quite unlikely it will obtain any such grant to fund procurement of HALEU from Centrus.

69. Nevertheless, Defendants claimed throughout the Class Period that they would have fuel fabrication facilities near the INL by 2027.

70. The development of new designs for small modular reactors and fuel fabrication facilities of the kind described in NNE’s public statements and regulatory filings require multiple levels of formal review and approval by NRC before any commercial operations can begin. These processes are costly and, as illustrated above, are far from expedient.

71. For example, NuScale is the only company in the U.S. to get a small modular reactor design approved by the NRC. NuScale began the pre-application process for its design *in 2008* but did not receive approval from the NRC *until 2023*. Moreover, NuScale was not expected to bring its technology to market until 2029 at the earliest. NuScale spent more than \$1.8 billion with an expected total development cost exceeding \$9 billion before the company determined it was unable to find enough buyers to justify commercial production of its design. NuScale had received a billion dollars in financial commitments from the DOE, according to CW1, and could

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<sup>22</sup> NNE’s subsidiary American Uranium has not begun operations. NNE’s advanced fuel transportation subsidiary, Advanced Fuel Transport Inc. has also not begun operations.



not find buyers in the U.S. for its products. Moreover, Westinghouse Electric Co. LLC, a one hundred and thirty year old major U.S. electric company with *sixty years* of experience in the nuclear sector, has been developing a microreactor since at least 2019, with an expected launch date of 2027 or later.<sup>23</sup>

72. Based on the only Form 10-Q Defendants filed during the Class Period, NNE, which has neither the capital of NuScale or the industry experience of Westinghouse, spent a scant \$290,000 on research and development (“R&D”) in the first quarter of 2024 (as compared to \$1.4 million in general and administrative (“G&A”) expenses<sup>24</sup>) and had only \$6 million in cash. Indeed, for that same quarter, NNE spent *almost double* on advertising than it did on R&D.

73. As CW1 confirmed, Defendants simply have never had (and still do not have) the capital they need to develop and implement their business plan. As director of energy, CW1 researched the relevant costs and estimated that it would cost NNE billions of dollars to build a nuclear factory. Though the Company is pre-revenue and purportedly focused on developing its microreactors, it spent almost double on G&A than R&D. For example, for the nine months ended June 30, 2024, NNE spent approximately \$4.6 million on G&A and \$2.8 million on R&D. In other words, despite promising investors that they would use a majority of the proceeds from the IPO for R&D, as a Company developing nuclear microreactors and a fuel fabrication facility must, the lion’s share of Defendants’ expenditures went toward compensation, marketing and other G&A expenses.

74. Moreover, not until October 1, 2024 (two and a half months after the Class Period) did NNE submit a letter to the NRC to “request to initiate pre-application engagement,”

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<sup>23</sup> *Shaping Tomorrow's Energy*, Westinghouse, <https://westinghousenuclear.com/about/> (last accessed Jan. 6, 2025); Presentation at slide 10, Westinghouse, Westinghouse eVinci™ Microreactor (Feb. 2024), <https://www.akrdc.org/assets/Breakfasts/Westinghouse2-16-23.pdf>.

<sup>24</sup> G&A expenses include compensation, legal fees, professional fees for accounting, auditing, consulting services, advertising costs, and insurance costs.

which it limited to the ODIN microreactor (“ODIN Letter”).<sup>25</sup> The ODIN Letter indicated that NNE would submit a separate request for ZEUS, though no request has been submitted to date. The ODIN Letter further stated that NNE would “develop and submit its Regulatory Engagement Plan (REP) to the NRC in the fourth quarter of calendar year 2024.” A search of the NRC website reveals that NNE did not in fact submit a REP for its ODIN microreactor in the fourth quarter of calendar year 2024.

75. Defendants knew or should have known that the timeline they fed to investors had no reasonable basis. In the SEC filings they signed before, during, and after the Class Period, Defendants acknowledged their familiarity with relevant regulations. Moreover, Defendant Walker, according to the NNE’s website, “is a Nuclear Physicist and was the project lead and manager for constructing the new Rolls-Royce Nuclear Chemical Plant; he was the UK Subject Matter Expert for the UK Nuclear Material Recovery Capabilities and was the technical project manager for constructing the UK reactor core manufacturing facilities.” Defendant Walker therefore has substantial experience in the development of nuclear technologies and thus knew, or should have known, that obtaining NRC approval is capital intensive and involves multiple steps time consuming steps that span many years.

76. Unsurprisingly, CW1 described Defendant Yu as a person “willing to tell half-truths whenever convenient.”

#### **Industry Experts Attest That Defendants’ Timelines Were Illusory**

77. Plaintiff’s investigatory efforts included interviews with industry experts, some who were also interviewed by Hunterbrook, all of whom unanimously agreed that Defendants could not have reasonably believed the outlandish timelines they touted for operation of their fuel fabrication facility or commercialization of their microreactors.

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<sup>25</sup> Letter from James Walker, NNE, to NRC (Oct. 1, 2024), <https://www.nrc.gov/docs/ML2427/ML24276A008.pdf>.

78. Stephen G. Burns was the 16<sup>th</sup> chairman of the NRC from January 1, 2015 through January 23, 2017. He had previously joined NRC as an attorney in 1978 and served as general counsel from May 2009 to April 2012. Burns is currently a board member of Radiant, a clean energy start-up based in California that is building a nuclear microreactor. Burns explained that while the International Atomic Energy Agency says there are approximately 100 SMR designs, a scant few will survive the regulatory process. Burns also explained that to successfully navigate the regulatory process to develop and commercialize a microreactor, you need a dedicated team of full-time employees with technical expertise who understand the regulatory framework, and who understand operability and safety criteria. As set forth below, during the Class Period NNE *did not have a single full time employee (including the Individual Defendants)* other than a handful of administrative staff. Burns estimates that a team of at least fifteen people is needed to shepherd a design through the regulatory process. A handful of part time employees is insufficient. There also needs to be an employee dedicated to documenting everything for, and communicating with, the regulators. However, Burns estimates that when working through the testing and design, a microreactor developer would need a team of between thirty to fifty.

79. Burns also made clear that having a design for a microreactor is not enough; you have to demonstrate that this is a “translatable project” and not just a “paper reactor.” There is a lengthy regulatory approval process including pre-application discussions, and because microreactors are a relatively new technology there are still unknowns. There are only nine pre-applications listed on NRC’s website for small modular reactor designers and potential license applications; none are NNE. According to Burns, if NNE is waiting to begin the process until the implementation of 10 CFR Part 53, then a 2030 deadline for commercialization is far from feasible.

80. Paul Dorfman is chair of the Nuclear Consulting Group, a visiting fellow at the

Science Policy Research Unit of the University of Sussex, U.K., a member of the Irish government's Radiation Protection Advisory Committee, and a former advisor to the U.K. Ministry of Defense Nuclear Submarine Dismantling Project. When interviewed by Hunterbrook, Dorfman referred to NNE a "money-making exercise" for its executives and made clear that "they cannot produce this stuff in the time scales that they promise," calling their timelines "an impossibility." Dorfman further told Hunterbrook that Defendants' timeline to obtain approval and build a fuel fabrication facility within the next three years is "frankly laughable," "ludicrous," "not doable," and "just cannot happen."

81. Allison Macfarlane was the 15<sup>th</sup> chair of the NRC, where she served from July 2012 through December 2014. She was the first geologist and the third woman to chair the agency. Macfarlane holds a doctorate in earth sciences from MIT and a Bachelor of Science from the University of Rochester. She is currently director of the school of public policy and global affairs at the University of British Columbia. Macfarlane told Hunterbrook that NNE's timeline to commercialize its microreactors by 2030 "won't happen." "Commercialize the reactors by 2030? That's five years from now," Macfarlane said. She noted that licensing alone could easily take six or seven years. Macfarlane further told Plaintiff's counsel that the timeline Defendants are publicly touting to commercialize their microreactors is tantamount to snake oil. According to Macfarlane, the microreactor technology does not yet exist and is unproven but "we live in an age where it's really easy to create buzz." Macfarlane also confirmed that if NNE has not begun the approval process by communicating with the NRC, then "they are pretty far off" because the NRC licensing process takes years even if you have a really well-funded organization with high-quality employees who are equipped to address any questions or concerns the NRC will inevitably raise.

82. Additionally, Macfarlane underscored the astronomical costs involved, citing the "economics" as a "huge challenge," and estimating that it will cost in the range of tens of billions

of dollars to a hundred billion dollars or more to bring SMRs to commercial readiness. Macfarlane also explained that the process will require a substantial number of expensive engineers. Moreover, Macfarlane explained that there's so much uncertainty regarding timelines and cost because these reactors do not exist and no one has completed construction of one, even as a demonstration model.

83. Macfarlane also made clear that Defendants' 2027 timeline for its fuel fabrication facility is a "fantasy." Macfarlane further noted that Nano will not be the only company eager to buy Centrus' HALEU fuel and there are "a lot of reactor designers in front of NNE who want the fuel."

84. Regarding Defendant Walker's accusation following publication of the Hunterbrook Report that Macfarlane is "known to be anti-nuclear and would never say anything good about any nuclear venture," Macfarlane stated that she is in fact neutral. Macfarlane explained that she is one of the few academics with knowledge of the industry that is not financial dependent on it, but makes clear that she is not against nuclear.

85. Matthew Memmott is an associate professor in the chemical engineering department at Brigham Young University. His research focuses on advanced nuclear design, nuclear safety, and system modeling. Memmott told Plaintiff's counsel that Centrus is likely six to ten years away from receiving regulatory approval and is still upgrading its technology. Moreover, Memmott explained that many companies are in the early advanced reactor stage and most require HALEU fuel. The companies who receive fuel first, according to Memmott, are those that have the capital and are furthest along in the regulatory process or need the largest quantities. Given that NNE is cash strapped, had not begun the regulatory process, and is purporting to develop microreactors that don't require massive quantities of HALEU fuel, it will likely not receive priority. TerraPower and Kairos Power are likely first in line, according to

Memmott.

86. Memmott also made clear that based on licensing precedent and licensing trends it is simply not possible for NNE to achieve its 2030 timeline for commercializing a microreactor. Memmott used Westinghouse and NuScale as examples. Westinghouse's ap1000 reactor took twenty years and a billion dollars to get a license. NuScale also took 20 years and roughly a billion dollars to get a license for its SMR only to lose its contract with its primary customer, UAMPS. Memmott stated that it is likely impossible that NNE has the personnel and experience to commercialize a microreactor in the next 6-10 years. That is particularly so given that there is no evidence that NNE had begun the "very public regulatory process with the NRC." In any event, submitting the designs to the NRC is just the beginning of the process, said Memmott. The NRC will then do multiple Requests for Additional Information ("RAIs") seeking justifications for the claims NNE is making, among other details. "The designs are going to change," said Memmott. "That's why it takes 20 years."

87. Memmott explained that even if NNE pursued an experimental license with the DOE and could test its microreactor at the INL's dome (though there was nothing to suggest NNE pursued this route during the Class Period) there would be 4-5 companies ahead of them in line and NNE would still need to obtain a NRC license to commercialize the microreactor.

88. Additionally, Memmott confirmed that an INL audit is of no significance as it is "not a formal thing." Memmott stated that an INL audit could simply "just be Nano sitting down with someone at INL and asking them if it is possible, and them saying, 'sure it's possible.'"

89. M.V. Ramana is Professor and Simons Chair in Disarmament, Global and Human Security at the School of Public Policy and Global Affairs at the University of British Columbia. He is also Graduate Program Director of the Master of Public Policy and Global Affairs program. When Hunterbrook asked Ramana how long it could take for NNE to start generating electricity,

Ramana responded that “[i]t’s possible that, you know, somebody like Elon Musk or Sam Altman [the chairman of competitor Oklo] could simply write ... a check for, you know, \$10 billion and say, ‘OK, go ahead and make this.’ If somebody does that, then I would say 15 to 20 years.” Ramana further told Plaintiff’s counsel that Defendants’ projections are “completely unrealistic” given the time and resources it takes to develop a design that can withstand regulatory scrutiny, and NNE has yet to submit a design to the NRC. According to Ramana, NNE’s 2030 projection is “completely arbitrary,” and further stated that even if everything proceeds smoothly and you give NNE “every benefit of the doubt, they still won’t be producing microreactors before the mid-2030s.”

90. Ramana emphasized the uncertainties both in terms of timeframe and cost due to how significantly things change “between the theoretical design and the construction process.” Ramana provided Westinghouse as an example, a company with many years of experience building reactors. Westinghouse AP1000 reactor design had to be revised more than a dozen times before the NRC approved the final design that was built in Georgia. The company made further changes during the construction process. Westinghouse initially expected the AP1000 to take three years to build and cost \$3 billion per reactor but by the time it started construction, its cost estimate had grown to \$14 billion for two AP1000 reactors, and by the time it completed construction the twin reactor Vogtle project cost \$36 billion. Construction activity started in 2009, and the first pour of concrete took place in 2013, and the two reactors entered commercial operations in 2023 and 2024 respectively.

91. Ramana also pointed to the NuScale example, calling it the “most pertinent” to NNE. NuScale was formed as a company in 2007 and hoped to have its first plant produce electricity by 2015-2016. However, by mid-2016, NuScale had not even submitted its design to the NRC for review. As of January 2025, there is no NuScale reactor under construction.

92. According to Ramana, NuScale even set up an office in Maryland to be close to the NRC, and engaged in substantial back and forth with the regulator over the years, resulting in many design changes. “The process of refining the design and getting it approved by the Nuclear Regulatory Commission is very expensive,” said Ramana. As of the third quarter of 2023, NuScale had spent \$1.8 billion just on R&D and still did not have a design ready for construction.

93. Ramana made clear that though the NRC is under political pressure, “they will not sign off on a completely flaky design,” and if a design is different from the kinds of designs the NRC has approved in the past (like with new microreactors) it will necessarily take longer to approve.

94. Both Ramana and Macfarlane provided Oklo as a cautionary example of a small nuclear startup that promised to build microreactors, but that has not thus far received NRC approval.

95. Ramana noted that obtaining HALEU fuel is another significant obstacle because the government will prioritize companies that are the best capitalized and furthest along in the regulatory process—not a company like NNE. Moreover, any company will need to obtain certification from the NRC for any new fuel design.

96. Ramana also suggested that NNE is publicizing timelines that are “wishful thinking” in order to attract investors and raise money.

#### **NNE’s Mythical “World Class” Team**

97. At all relevant times, Defendants have touted NNE’s “world class” team, though in reality, most of its employees—and Defendants themselves-- are part time independent contractors with their attentions split among multiple ventures. Moreover, while Defendants claimed in the IPO offering documents, and in SEC filings thereafter, to have “extensive



experience in energy and finance industries,” only Defendant Walker has any background in the nuclear industry, and all three executives have “extensive experience” leading severely unperforming companies.

98. NNE is led by Defendants Walker, Yu, and Garcha, none of whom are dedicated to NNE full time. While Defendants acknowledged in NNE’s SEC filings that NNE’s “officers are presently engaged by us as independent contractors due to the fact that they each have management, advisory or directorship positions with other companies and may allocate their time to other businesses,” they characterized any risks related to their “divided focus” as purely hypothetical and never revealed that their “divided focus” rendered their publicly stated goal of commercializing by 2030 even more untenable.

99. At the time CW1 worked for NNE, it shared an office at 1411 Broadway in Manhattan with Flewber Global Inc., a flight sharing company run by Defendant Yu and for which Defendant Garcha serves as CFO. Flewber’s name was on the office door, not NNE, and Flewber encompassed a majority of the office space. Moreover, NNE shares its offices at 10 Times Square, New York with Laser Isotope Separate Technologies (“LIST”)- a related party that Defendants did not disclose during the Class Period, though at the same time they led NNE during the Class Period, Defendant Yu was Executive Chairman and President of LIST, Defendant Walker was a consultant to LIST, and Defendant Garcha was CFO of LIST.

100. According to CW1 who worked on site at the 1411 Broadway office, only four other employees, including Defendant Yu and three administrative employees, worked on site, and Flewber actually occupied most of the office space. CW1 stated that Yu would hire a few interns during the summers to write promotional pieces regarding NNE for Nuclear Insider, the company’s news site. CW1 stated that NNE did not have a single dedicated employee tasked with handling licensing or regulatory issues, despite touting its aggressive commercialization timeline,

which depended on successfully navigating the rigorous licensing and regulatory processes.

101. When CW1 inquired into the troubling dearth of employees, Defendant Yu responded that the Company was trying to run very lean in terms of capital, which CW1 explained is nonsensical for a nuclear energy company as the nuclear energy field is one of the most capital-intensive of any industry. Moreover, CW1 stated that when Defendant Yu closed CW1's department, Yu told CW1 that the Company could not afford it.

102. CW1 stated that Defendant Yu had "no nuclear knowledge," "no energy knowledge," and "no policy knowledge," though on his LinkedIn profile, he lists "Nuclear Energy" and "Nuclear Technology" under "Skills." CW1 described Defendant Yu as more of a "tech bro" than the head of a nuclear power company, with little understanding or apparent concern for the business environment in which NNE operated. In reality, Defendant Yu has no relevant "nuclear" experience but rather is an investor with a background in finance. Indeed, Defendant Yu is a self-titled "serial entrepreneur" who has unsuccessfully led companies in varying industries including mining, biotech, artificial intelligence, and aviation. In addition to running Nano Nuclear and Flewber, Defendant Yu is also the president and chairman of St. James Gold Corp., a Canadian company with a stock price that declined to \$0.10 CAD under Yu's management. Similarly, Defendant Yu's other public endeavor – CytoMed Therapeutics Ltd. – is also underperforming, trading at approximately \$2.20 per share. Defendant Yu is also the Executive Chairman and President of LIST, Founder, Chairman, CEO, and sole shareholder of Financial Ventures Group, and Founder and CEO of Lunar NYC Inc.

103. According to CW1, Defendant Walker also split his focus among multiple ventures and almost never came to the Manhattan office because he lived in Canada. Moreover, Defendant Walker has been involved with several penny stocks on the Toronto Venture Exchange, including some that have also been accused of being a pump-and-dump scheme. For

example, Defendant Walker is CEO of Ares Strategic Mining Inc.,<sup>26</sup> which trades for approximately \$0.17 per share.<sup>27</sup> NNE's filings claim that Defendant Walker is only part-time at Ares, stating that he only devotes "at least ten hours a week" to Ares. However, Defendant Walker's Ares LinkedIn profile states he works for Ares full-time.<sup>28</sup> Defendant Walker also concurrently serves as a director of Bayhorse Silver Inc., Xander Resources Inc., and Totec Resources Ltd. Bayhorse Silver, trading at \$0.045 per share, has been accused of fraud on online fora.<sup>29</sup> Xander Resources is trading at \$0.28 per share, and Totec Resources is trading at \$0.14 per share. Defendant Walker also worked as consultant to LIST.

104. Defendant Garcha also never came to the office, according to CW1. In addition to his role at NNE, Defendant Garcha has also served as CFO at five other companies, including those involved with Defendant Yu. Specifically, Defendant Garcha serves as CFO at St. James Gold, LIST, Flewber, Snipp Interactive, and Four Arrows Corp. Four Arrows is a \$580,000 company currently trading at \$0.04 per share. Snipp Interactive is a marketing agency which has been accused of being a pump-and-dump scheme.<sup>30</sup> Defendant Garcha was also CFO of Multivision Communications Corp., a company that executed a reverse merger with ZoomAway Technologies Inc., which was also accused of being a "pump and dump."<sup>31</sup>

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<sup>26</sup> Defendant Walker maintains two separate LinkedIn accounts: one for NNE and one for Ares Strategic Mining. While Defendant Walker states on his NNE account that he ceased working for Ares in 2022, his Ares account (which still actively posts about Ares), contends that he is still the CEO of Ares and makes no mention of NNE. Compare <https://www.linkedin.com/in/jamesjohnwalker1/> (last accessed Jan. 6, 2024), with <https://www.linkedin.com/in/jamesjohnwalker/> (last accessed Jan. 6, 2024).

<sup>27</sup> Torstenthebrave, *Scam Stock Do Not Buy*, Stockhouse (Feb. 28, 2020 3:25 PM), <https://stockhouse.com/companies/bullboard/nhrif/ares-strategic-mining-inc?postid=30748753>.

<sup>28</sup> Compare James Walker, LinkedIn, <https://www.linkedin.com/in/jamesjohnwalker/> (last accessed Jan. 6, 2025) (CEO and President of Ares, full-time), with NNE, Prospectus (Form 424B4), at 22 (Jul. 15, 2024), <https://www.sec.gov/Archives/edgar/data/1923891/000149315224027194/form424b4.htm> (stating that Walker devotes 10 hours a week to Ares).

<sup>29</sup> See, e.g., J\_Dean, Investorshub (Aug. 24, 2018 9:52 AM), [https://investorshub.advfn.com/boards/read\\_msg.aspx?message\\_id=143136219](https://investorshub.advfn.com/boards/read_msg.aspx?message_id=143136219).

<sup>30</sup> E.g., sportsman80, *Pump and Dump?*, Stockhouse (Oct. 28, 2021 3:58 PM), <https://stockhouse.com/companies/bullboard/v.spn/snippinteractive-inc?postid=34060511>.

<sup>31</sup> cloinvest, *Dropping just as I thought*, Stockhouse (Apr. 20, 2021 11:08 AM), <https://stockhouse.com/companies/bullboard/v.zma/zoomawaytechnologies?postid=33028927>.

105. None of NNE’s “independent directors” have experience in the nuclear industry nor any qualifications to oversee the business and operations of a nuclear company. Director Tsun Yee Law is a hip and knee osteoarthritis doctor, Director Diane Hare is a business consultant and CEO of a company called BizLove and Director Kenny Yu is a pharmacist. Indeed, the part-time Defendant Walker appears to be the *only* NNE director with any nuclear experience at all.

106. Moreover, checkered political figures Andrew Cuomo and Wesley Clark sit on NNE’s “Board of Executive Advisors.” Clark was chairman of Rodman & Renshaw, an aggressive promoter of Chinese firms that turned out to be fraudulent.<sup>32</sup> Andrew Cuomo resigned as New York Governor following a sex scandal and has no known background in nuclear technology.<sup>33</sup>

107. CW1 made clear that during the time of CW1’s employment, NNE did not have a single employee assigned to handle licensing or regulatory issues, an essential component for NNE’s business plans to move forward.

108. Even the “qualified” scientists Defendants hired to lead the development of their reactors have other jobs (and held these jobs throughout the Class Period) and do not work for the Company full-time. For example:

- a) Prof. Massimiliano Fratoni, according to the Company, is NNE’s “Senior Director and Head of Reactor Design,”<sup>34</sup> and leads the development of the Zeus microreactor with Peter Hosemann. The Company also acknowledges that Prof.

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<sup>32</sup> See Nicole Sperling, *The China Hustle Unveils the Biggest Financial Scandal You’ve Never Heard Of*, Vanity Fair (Mar. 28, 2018), [https://www.vanityfair.com/hollywood/2018/03/china-hustle-documentary-financial-crisis-scandal-director-interview?srltid=AfmBOooWo3dpPzxmq8GffUEjylt-D3Hs5orpMUmZNQ14\\_x8WRdciPicF](https://www.vanityfair.com/hollywood/2018/03/china-hustle-documentary-financial-crisis-scandal-director-interview?srltid=AfmBOooWo3dpPzxmq8GffUEjylt-D3Hs5orpMUmZNQ14_x8WRdciPicF); *China Fraud Accusations: Wesley Clark’s Ex-Firm Faces Questions*, ABC News (Jan. 23, 2013 11:17 AM), <https://abcnews.go.com/Blotter/china-fraud-accusations-wesley-clarks-firm-faces-questions/story?id=18292965>.

<sup>33</sup> Luis Ferré-Sadurní & J. David Goodman, *Cuomo Resigns Amid Scandals, Ending Decade-Long Run in Disgrace*, N.Y. Times (updated Nov. 10, 2021), <https://www.nytimes.com/2021/08/10/nyregion/andrew-cuomo-resigns.html>.

<sup>34</sup> Our Nuclear Technical Team, NNE, <https://nanonuclearenergy.com/nuclear-technical-team/?v=7885444af42e> (last accessed Jan. 6, 2025).

Fratoni is a “Professor and Chair in the Department of Nuclear Engineering at the University of California, Berkely.” However, Prof. Fratoni’s LinkedIn profile lists his “full time” employer as the University of California, Berkeley, with no mention of NNE or his senior role at NNE, and his Berkeley biographies do not mention NNE or his senior role with NNE.<sup>35</sup>

b) Prof. Peter Hosemann, according to the Company’s website is NNE’s “Head of Nuclear Reactor Design and Materials,”<sup>36</sup> and leads the development of the Zeus microreactor with Fratoni. However, Prof. Hosemann’s LinkedIn profile lists his “full time” employer as the University of California, Berkeley, and part time employer as AIP, for whom he works as Deputy Editor for Journal of Applied Physics, with no mention of NNE or his senior role at NNE. Likewise, Prof. Hosemann’s Berkeley biographies also make no mention of NNE or his senior role at NNE.<sup>37</sup>

c) Prof. Ian Farnan, according to the Company’s website is NNE’s “Lead of Nuclear Fuel Cycle, Radiation and Materials,”<sup>38</sup> and leads the development of the Odin microreactor with Eugene Shwageraus. However, Prof. Farnan’s LinkedIn profile lists his “full-time” employment as Professor of Earth and Nuclear Materials at the University of Cambridge and does not list NNE at all.<sup>39</sup> Prof. Farnan is also the Chair of the Cambridge Nuclear Energy Centre. *Id.*

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<sup>35</sup> See <https://www.linkedin.com/in/massimilianofratoni/> (last accessed Jan. 6, 2025); <https://nuc.berkeley.edu/people/massimiliano-fratoni/> (last accessed Jan. 6, 2025); <https://vcresearch.berkeley.edu/faculty/massimiliano-fratoni> (last accessed Jan. 6, 2025).

<sup>36</sup> Our Nuclear Technical Team, *supra* note 34.

<sup>37</sup> See <https://www.linkedin.com/in/peter-hosemann-1703061a/> (last accessed Jan. 6, 2025); <https://nuc.berkeley.edu/people/peter-hosemann/> (last accessed Jan. 6, 2025); <https://vcresearch.berkeley.edu/faculty/peter-hosemann> (last accessed Jan. 6, 2025).

<sup>38</sup> Our Nuclear Technical Team, *supra* note 34.

<sup>39</sup> <https://www.linkedin.com/in/ian-farnan-6a66b428/> (last accessed Jan. 6, 2025).

- d) Prof. Eugene Shwageraus, according to the Company's website is NNE's "Lead of Nuclear Fuel Cycle, Radiation and Materials,"<sup>40</sup> and leads the development of the Odin microreactor with Farnan. However, Prof. Shwageraus' LinkedIn profile lists his "full-time" employment as Professor of Nuclear Energy Systems Engineering at Cambridge University and does not list NNE at all.<sup>41</sup>
- e) Eric R. Oesterle, according to the Company's website, serves on NNE's nuclear regulatory team as "Head of Microreactor Regulatory Licensing."<sup>42</sup> However, according to Mr. Oesterle's LinkedIn profile, he serves in this role on a contract basis, remotely from Maryland.<sup>43</sup>
- f) Jeffrey Binder, according to the Company's website, serves on NNE's technical team as "Head of Nuclear Laboratory and Technologies." However, according to Mr. Binder's LinkedIn, he is based in the Knoxville Metropolitan Area and only works for NNE on a part-time basis while also working for LIST (a related party).<sup>44</sup>
- g) Dr. Carlos Maidana, according to the Company's website, serves on NNE's technical team as "Head of Therman Hydraulics and Space Program."<sup>45</sup> However, Dr. Maidana's LinkedIn profile reveals that he serves in this role from Idaho while concurrently serving in various roles at his own company, Maidana Research; as an advisory board member at 13 Mari; as a Mentor at Starburst Aerospace; and as Affiliate Research Faculty at Idaho State University.<sup>46</sup>

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<sup>40</sup> Our Nuclear Technical Team, *supra* note 34.

<sup>41</sup> <https://www.linkedin.com/in/eugene-shwageraus-7376094/> (last accessed Jan. 6, 2025).

<sup>42</sup> Our Nuclear Regulatory Team, NNE, <https://nanonuclearenergy.com/nuclear-regulatory-team/?v=7885444af42e> (last accessed Jan. 6, 2025).

<sup>43</sup> <https://www.linkedin.com/in/eric-r-oesterle-41988286/> (last accessed Jan. 6, 2025).

<sup>44</sup> <https://www.linkedin.com/in/jeffrey-binder-b38a4a/> (last accessed Jan. 6, 2025).

<sup>45</sup> Our Nuclear Technical Team, *supra* note 34.

<sup>46</sup> <https://www.linkedin.com/in/maidanac/> (last accessed Jan. 6, 2025).

- h) Nathaniel Read, Ph.D., according to the Company's website, serves on NNE's technical team as "Chief Safety Case Engineer."<sup>47</sup> Despite this, Mr. Read is based in Cambridge, UK and works as an Assistant Teaching Professor at the University of Cambridge. Neither Mr. Read's LinkedIn profile nor his University of Cambridge biography contain any mention of NNE or his role at NNE.<sup>48</sup>
- i) Paul Cosgrove, Ph.D., BEng, according to the Company's website, serves on NNE's technical team as "Head of Computational Methods."<sup>49</sup> However, Mr. Cosgrove is also based in Cambridge, UK and works as an "Assistant Teaching Professor and Postdoctoral Fellow" at the University of Cambridge's Department of Engineering. Neither his LinkedIn profile nor his University of Cambridge biography mention NNE or his role at NNE.<sup>50</sup>
- j) Valeria Raffuzzi, Ph.D., M.Sc., according to the Company's website, serves on NNE's technical team as "Head of Criticality and Shielding."<sup>51</sup> Despite this, Ms. Raffuzzi is also based in Cambridge, UK and works as a "Research Associate" at the University of Cambridge. Neither her LinkedIn nor her University of Cambridge biography list NNE or her role with NNE.<sup>52</sup>
- k) Margot Abelin, according to her LinkedIn profile, is a Research Analyst with NNE in New York. However, Ms. Abelin lists on her LinkedIn profile that her work is on a part-time basis.<sup>53</sup>

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<sup>47</sup> Our Nuclear Technical Team, *supra* note 34.

<sup>48</sup> See <https://www.linkedin.com/in/readnathaniel/?originalSubdomain=uk> (last accessed Jan. 6, 2025); <https://www.chu.cam.ac.uk/fellows/dr-nathaniel-read/> (last accessed Jan. 6, 2025).

<sup>49</sup> Our Nuclear Technical Team, *supra* note 34.

<sup>50</sup> See <https://www.linkedin.com/in/paul-cosgrove-426881b7/?originalSubdomain=uk> (last accessed Jan. 6, 2025); <https://www.jesus.cam.ac.uk/people/paul-cosgrove> (last accessed Jan. 6, 2025).

<sup>51</sup> Our Nuclear Technical Team, *supra* note 34.

<sup>52</sup> See <https://www.linkedin.com/in/valeria-raffuzzi-3a913b1a6/?originalSubdomain=uk> (last accessed Jan. 6, 2025); <https://www.eng.cam.ac.uk/profiles/vr339> (last accessed Jan. 6, 2025).

<sup>53</sup> <https://www.linkedin.com/in/margot-abelin-306498208/> (last accessed Jan. 6, 2025).

- l) Anuj Dubey, according to his LinkedIn profile, is a Nuclear Engineer with NNE. However, Mr. Dubey states that his work at NNE is on a part-time basis while he also works as a Postdoctoral Researcher at the University of Cambridge on a full-time basis.<sup>54</sup>

109. The only full time employees NNE appears to employ are in low-level administrative or finance roles, who are not involved in the development of NNE's nuclear operations or the leadership of the Company:

- a) Josey Widhalm, NNE's Office Director & Marketing Manager.<sup>55</sup>
- b) Ross Mitchell, a Project Manager at NNE.<sup>56</sup>
- c) Mike Lim, NNE's Operations Manager.<sup>57</sup>
- d) Oscar Leandro, NNE's Vice President of International Business.<sup>58</sup>
- e) Amy Moore, NNE's Office Director at Oak Ridge, TN.<sup>59</sup>

110. Not only has the Company's employee base always largely comprised individuals that are part-time, unqualified, or both, but the Company also utilizes shady service providers, including its auditor, WithumSmith+Brown, and its bookrunner, The Benchmark Company. WithumSmith+Brown was fined in February 2024 by the Public Company Accounting Oversight Board ("PCAOB") for violations of PCAOB rules and quality control standards that took place between January 2020 and December 2021.<sup>60</sup> The Benchmark Company has also been sanctioned by financial regulators for violations of state and federal law, has a history of working with

<sup>54</sup> <https://www.linkedin.com/in/anuj-dubey-mech/> (last accessed Jan. 6, 2025).

<sup>55</sup> Josey Widhalm, LinkedIn, <https://www.linkedin.com/in/joseywidhalm/> (last accessed Jan. 6, 2025).

<sup>56</sup> Ross Mitchell, LinkedIn, <https://www.linkedin.com/in/ross-mitchell-017b7318a/> (last accessed Jan. 6, 2025).

<sup>57</sup> Mike Lim, LinkedIn, <https://www.linkedin.com/in/mikelim91/> (last accessed Jan. 6, 2025).

<sup>58</sup> Oscar Leandro, LinkedIn, <https://www.linkedin.com/in/oscar-leandro-1b616887/> (last accessed Jan. 6, 2025).

<sup>59</sup> Amy Moore, LinkedIn, <https://www.linkedin.com/in/amy-moore-265024335/> (last accessed Jan. 6, 2025).

<sup>60</sup> Press Release, PCAOB, *Imposing \$2 Million in Fines, PCAOB Sanctions WithumSmith+Brown, PC for Pervasive Quality Control Violations Involving SPAC Audits* (Feb. 21, 2024), <https://pcaobus.org/news-events/news-releases/news-release-detail/imposing-2-million-fines-pcaob-sanctions-withumsmith-brown-pc-pervasive-quality-control-violations-involving-spac-audits>.



underperforming companies, including companies with a median decline in stock price of more than 40%.<sup>61</sup>

### **Executive Compensation**

111. Though the Company has no revenues, millions in losses, no marketable product, and no patents, Defendants, *who are not full-time employees*, paid themselves handsomely. In 2023 and 2024, Defendants collectively earned almost \$2 million. Compensation in 2023 included, *inter alia*, “consulting fees” to Defendants Yu, Walker, and Garcha in the amounts of \$225,000, \$90,000, and \$90,000, respectively – those amounts skyrocketed during the height of the fraud to \$390,000, \$185,000, and \$170,000, respectively.

112. Moreover, following the IPO, Defendant Yu owned 10.7 million shares of NNE common stock, approximately 35% of the Company’s shares, and Defendant Walker owned 1 million shares, approximately 3.27% of the Company’s shares. At NNE common stock’s high during the Class Period, reached on June 25, 2024, Defendant Yu’s holdings were worth over \$401.3 million and Defendant Walker’s holdings were worth approximately \$37.51 million.

113. NNE also paid Defendant Yu’s company, Flewber, Defendant Yu \$10,000 per month for office space while concurrently leasing another office for approximately \$33,000 per month. Specifically, since April 1, 2024, the Company has rented its corporate headquarters at 10 Times Square, 30th Floor, New York, NY 10018 for approximately \$33,605 per month. Despite this, and despite only a handful of on-site employees, Defendants inexplicably also entered a short-term lease at 1411 Broadway, 38th Floor, New York, NY 10018 for \$10,000 per month until

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<sup>61</sup> Off. of Inspector Gen., Dep’t of Health & Hum. Servs., BenchMark Agreed to Pay \$3.1 Million for Allegedly Violating the Civil Monetary Penalties Law by Submitting Claims for Individual Therapy Services that Were Provided as Group Therapy (Apr. 2, 2018), <https://oig.hhs.gov/fraud/enforcement/benchmark-agreed-to-pay-31-million-for-allegedly-violating-the-civil-monetary-penalties-law-by-submitting-claims-for-individual-therapy-services-that-were-provided-as-group-therapy/>; *see also* Stipulation & Consent Order, *In re Benchmark Co., LLC*, Docket No. 20-017-S (Vt. Dep’t Fin. Reg. Mar. 18, 2020), <https://dfr.vermont.gov/reg-bul-ord/benchmark-company-stipulation-and-consent>.

August 31, 2024, payable to Flewber – a related party Defendant Yu runs and for which Defendant Garcha serves as CFO. Even more peculiar is that a month after the Class Period, on August 28, 2024, Defendants announced that they had spent \$1.67 million to purchase a two-story, 14,000 square foot office building sitting on 1.64 acres of land at Heritage Center Industrial Park in Oak Ridge, TN. There is no apparent justification for expending any of the firm’s much needed capital on this facility in light of NNE’s miniscule workforce, lack of product, that NNE only has one employee located in Tennessee (Amy Moore), its announcement that it plans to build its fuel fabrication facility in *Idaho* near the INL facilities, and the fact that the lease for its current headquarters at 10 Times Square does not expire until 2031 according to NNE’s SEC filings. However, LIST (a related party Defendants did not disclose in any of the Class Period filings)- for which Defendant Yu is President, Defendant Garcha is CFO, and Director Law is independent director- is curiously also “redeveloping a facility in Heritage Center Industrial Park in Oak Ridge, TN.”

### **Defendants’ Equity Raises**

114. Beginning with, and including its May 2024 IPO, Defendants have raised equity four times in less than seven months (first two during the Class Period):

- i. May 10, 2024 IPO, raised \$11,787,500 in gross proceeds;
- ii. July 19, 2024, closed full over allotment option for \$20,700,000 in gross proceeds;
- iii. October 30, 2024, closed upsized underwritten offering for approximately \$41.4 million in gross proceeds; and
- iv. November 27, 2024, closed private placement for \$60 million in gross proceeds.

### **The Hunterbrook Report**

115. On July 19, 2024, Hunterbrook Media published a report entitled “*Fission Impossible: Nano Nuclear Has No Revenue, No Products, “Laughable” Timelines, Part-Time Executives, and a \$600 Million Market Cap.*” The Hunterbrook Report quoted industry experts who called NNE’s timeline for commercialization “frankly laughable,” revealed that NNE’s top management were independent contractors also working as executives of a number of other penny-stock companies, and that officials at the NRC and DOE confirmed that the Company had not begun pre-application activities for its microreactors, and that NNE had filed no permitting or regulatory application documents with the NRC for a fuel fabrication facility.

116. The Hunterbrook Report additionally quoted from interviews with industry experts who debunked NNE’s claims and projected timelines for commercialization. Hunterbrook quoted Macfarlane as saying NNE’s timeline “won’t happen” noting that licensing alone could easily take six or seven years. Similarly, Dorfman, told Hunterbrook that NNE “cannot produce this stuff in the time scales that they promise,” calling it “an impossibility” and stated that NNE’s projected timeline “frankly laughable.”

117. The Hunterbrook Report additionally revealed based on searches of NRC records, that NNE had not formally notified the NRC of its intent to begin regulatory communications for either of its microreactors. Additionally, the Hunterbrook Report noted that NNE’s auditor Withum Smith + Brown, was sanctioned and fined \$2 million by the Public Company Accounting Oversight Board in February of 2024 for “for taking on hundreds of SPAC clients without necessary resources” to properly monitor them, and that NNE’s underwriter, The Benchmark Company, had a history of working with underperforming companies.

118. NNE’s share price declined over 10% intraday after Hunterbrook released its report on July 19, 2024. As the market absorbed the significance of the revelations in the Hunterbrook Report, NNE’s share price continued to decline. On July 22, 2024, NNE’s stock price fell from a

July 19, 2024 close of \$19.30 per share to a July 22, 2024 close of \$15.97 per share, a 17% decline.

119. After the market closed on July 23, 2024, in an exclusive interview with Benzinga, Defendant Yu, and Defendant Walker responded to the allegations in the Hunterbrook Report. Defendant Yu did not challenge a single claim in the report but instead claimed that Hunterbrook Media had “ulterior motives” (though Hunterbrook Media did not transact in NNE prior to publication of the report) and that therefore “none of what is said can be taken seriously, by anyone,” ignoring that Hunterbrook backed up each allegation with factual support. Defendant Walker claimed in conclusory fashion with no supporting facts that Macfarlane and Dorfman, were “known to be anti-nuclear and would never say anything good about any nuclear venture.” Defendant Walker also claimed the authors of the Hunterbrook Report “lack[ed] education” on nuclear reactors and that microreactors historically took two to three years to license, but did not address the fact that NNE had not yet begun the process, that there is no regulatory framework in place tailored to microreactors, that Defendants’ projected timeline referred to commercialization—not licensing, and that there is no “historic” benchmark for obtaining approvals given that microreactors are a new technology. Defendant Yu also disputed the claim in the Hunterbrook Report that its authors reached out to the Company seeking comment. However, Benzinga’s article was later updated to note that “Hunterbrook Media provided Benzinga with two emails it said were sent to Nano Nuclear earlier in July requesting comment.”

120. In reaction to this interview, NNE’s share price dropped 7% the following day, falling from a previous close of \$15.49 per share on July 23, 2024 to \$14.37 on July 24, 2024.

121. Following the publication of the Hunterbrook Report, NNE’s counsel issued a demand letter to Hunterbrook in response on August 13, 2024 (“NNE Demand Letter”), demanding as follows:

Nano Nuclear hereby demands that Hunterbrook immediately cease and desist the publication of any additional false information regarding Nano Nuclear,

including publication through any surreptitious means intended to conceal your participation, and any other conduct aimed, directly or indirectly, at manipulating the price of Nano Nuclear's stock through the dissemination of false and misleading information or coordinating with others to do the same. Further, you must immediately take down the Report and delete any statements about Nano Nuclear on Hunterbrook's X page, as well as any other false or misleading statements, whether made directly or indirectly, concerning Nano Nuclear.

122. However, the NNE Demand Letter filed to effectively dispel a single allegation in the Hunterbrook Report:

| <u><b>Hunterbrook Allegation</b></u>   | <u><b>NNE Demand Letter</b></u>  |
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| <p><b>NNE Had Not Begun the Pre-Application Process with the NRC:</b></p> <ul style="list-style-type: none"> <li>• “As of July 2024, the U.S. Nuclear Regulatory Commission does not list NNE among the companies that have begun pre-application activities for the kind of reactor NNE is pitching. An NRC spokesperson told Hunterbrook Media that the Advanced Reactor department is ‘not aware of this company’ and ‘we have not had any pre-application dealings with them.’”</li> <li>• “The NRC publishes an online ‘summary of non-LWR reactor designers and non-power research and test reactors that have formally notified the NRC of their intent to engage in regulatory interactions.’ (The NRC classifies microreactors like NNE’s as non-LWR reactors.) As of July 17, 2024, Nano Nuclear Energy was not one of them.</li> <li>• Nor is NNE listed on the NRC’s webpage detailing the SMR companies it is currently working with. A report from February 2024 from the director of the NRC’s Office of Nuclear</li> </ul> | <p>NNE does not dispute that it had not begun the application process with the NRC for either of its microreactors, but instead attacks the Hunterbrook Report’s statement that the NRC was not aware of NNE, though conceding that the Report made clear that the NRC official quoted clarified that the NRC is not aware of any pre-application discussions with NNE.</p> <p>In response, NNE simply cites a document from the NRC website confirming that, “The NRC has not had preapplication engagement on a transportation package approval methodology with...NANO Nuclear Energy, Inc., on its Zeus transportable micro-reactor.” <a href="https://www.nrc.gov/docs/ML2332/ML23320A125.pdf">https://www.nrc.gov/docs/ML2332/ML23320A125.pdf</a> (last accessed Dec. 30, 2024).</p> |

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| <p>Reactor Regulation to the NRC’s commissioners, which detailed progress made on both non-LWR programs and SMR programs, noted that the NRC has engaged in ‘preapplication interactions’ with several non-LWR and SMR developers, but does not mention NNE in either list.</p> <ul style="list-style-type: none"> <li>• In fact, NNE does not appear to have filed any documents with the NRC at all, suggesting the company has yet to begin the formal process, according to Hunterbrook’s review of the NRC’s Web-Based Adams Database of records.</li> <li>• An NRC public affairs officer told Hunterbrook on a phone call: ‘I reached out to our Advanced Reactor folks and they are not aware of this company.’ He later clarified, ‘Or at least is not aware of any pre-application discussions with them. That should be my more cautious and more confident statement, not that we haven’t heard of them but that we have not had any pre-application dealings with them.’</li> </ul> |  |
| <p><b>NNE Has No Revenue, Patents, Or Products:</b></p> <ul style="list-style-type: none"> <li>• “No revenue, products, or patents for its core technology”</li> <li>• “Hunterbrook’s research indicating the company has yet to produce a prototype, patents its technology, or begin the formal process of government approval”</li> <li>• “Nano seems to own barely any IP, including for its reactor designs — the crux of its business model. NNE appears to have only filed for a provisional patent for its Zeus reactor, and it</li> </ul>   | <p>NNE responds that Hunterbrook should have known it filed for a provisional patent for its Zeus reactor, ignoring that Hunterbrook stated as such but also revealed that NNE <del>has owns</del> no actual patents for its core technology. <u>To further counter Hunterbrook’s claim that NNE has no patents for its technology,</u> NNE’s Demand Letter <del>also speciously</del> refers to an “exclusively licensed and patented HALEU fuel transport basket that was developed by several U.S. national nuclear laboratories,” <u>but though NNE does not actually own this patent, which As Hunterbrook revealed, NNE licensed the technology from Battelle Energy Alliance LLC, and actually holds the patent.</u> Moreover, even if NNE is opting not to file for patents in order to protect “trade secrets” that does not change the fact that there is nothing to indicate NNE has a viable proprietary design.</p> |

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| <p>licenses the patent for a HALEU fuel transport container design from Battelle Energy Alliance. (Provisional patents establish an early effective filing date but aren't examined by the U.S. Patent and Trademark Office.)</p> <ul style="list-style-type: none"> <li>• Compare this to NuScale, which says it owns more than 500 granted or pending patents across 21 countries.</li> </ul>   | <p>Even if it does, a design is meaningless without going through the regulatory process.</p>   |
| <p><b>NNE's Timelines Are Impossible:</b></p> <ul style="list-style-type: none"> <li>• "NNE estimates that it will bring nuclear microreactors to market between 2030 and 2031. An expert called this timeline 'frankly laughable.' The former chair of the Nuclear Regulatory Commission said it 'won't happen' – given that competitors with more resources have taken 15-20 years for similar projects."</li> <li>• "It's possible that, you know, somebody like Elon Musk or Sam Altman could simply write them a check for, you know, \$10 billion and say, 'OK, go ahead and make this,'" said M.V. Ramana, a professor and physicist at the University of British Columbia who studies small modular reactors. "If somebody does that, then I would say 15 to 20 years." (Sam Altman is the chairman of Oklo (NYSE: \$OKLO), which is also developing a microreactor.)</li> <li>• Nano says it will be online in six years.</li> <li>• The company also says it expects to earn approval for, and build a fuel fabrication facility within, the next three years, a timeline [Paul] Dorfman [a visiting fellow at the University of Sussex's Science Policy Research Unit — and one of four</li> </ul> | <p>The NNE Demand Letter responds that NNE made clear in SEC filings that the timelines are estimations and inherently subject to change. However, NNE does not address that the timelines had no plausibility whatsoever. Defendants misled investors by indicating the timeline was possible when it was not. NNE claims that Hunterbrook's criticisms of NNE's timelines do not contemplate the passage of NEIMA (2019) or the ADVANCE Act (2024) but does not explain how either of those applies to NNE or renders its aggressive timeline any more plausible.</p> |

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| <p>nuclear experts, including the former Chair of the Nuclear Regulatory Commission] told Hunterbrook was “frankly laughable.”</p> <ul style="list-style-type: none"> <li>• “You look straightaway at the development progress charts, and you see it’s just not doable,” Dorfman said. “There’s no question — it just cannot happen.” NNE predicting that it will have reactors launched by 2030, he said, is “kind of ludicrous.”</li> <li>• “Despite its pre-product and pre-revenue status, Nano Nuclear predicts in regulatory filings that its Zeus and Odin reactors will be brought to market between 2030 and 2031, shaving a decade or more off the process compared to competitors, seemingly without a clear plan for how to go about doing so.”</li> <li>• “Allison Macfarlane, the director of the University British Columbia’s School of Public Policy and Global Affairs and a prior chair of the NRC, told Hunterbrook that ‘won’t happen.</li> <li>• ‘Commercialize the reactors by 2030? That’s five years from now,’ Macfarlane said. She noted that licensing alone could easily take six or seven years.”</li> </ul> |  |
| <p><b>NNE Does Not Have the Capital it Needs to Fund its Business Plan and Does Not Spend Enough on R&amp;D:</b></p> <ul style="list-style-type: none"> <li>• “Building a single small modular reactor, the product closest to what NNE is pitching that has actually been developed, costs at least hundreds of millions of dollars for research and development. NNE reported having just under \$6 million in cash in the first quarter of 2024.</li> </ul>  | <p>The NNE Demand Letter provides no response.</p> |



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| <p>During the same quarter, NNE spent much more on advertising (\$434,800) than it did on research and development (\$290,000), despite its status as a pre-product, pre-revenue company.”</p> <ul style="list-style-type: none"> <li>• “It’s a wildly ambitious vision, which, if at all possible, would require billions of dollars in research and development to complete.”</li> </ul>  |  |
| <p><b>NNE Management is Part-Time, Leads Underperforming Companies, and is Running NNE to Line Their Pockets Rather Than Produce Product:</b></p> <ul style="list-style-type: none"> <li>• “NNE’s executive chairman and president, CEO, and CFO work as independent contractors at the company and continue to hold senior management positions at other public companies. The stock price of each of those companies sits below \$1.00 — and several have market caps under \$5 million.”</li> <li>• “Paul Dorfman, a visiting fellow at the University of Sussex’s Science Policy Research Unit — and one of four nuclear experts, including the former Chair of the Nuclear Regulatory Commission, who spoke with Hunterbrook for this investigation — said he believes Nano Nuclear is a ‘money-making exercise’ for its executives. ‘And they know it is.’ ‘They cannot produce this stuff in the time scales that they promise,’ he said. ‘It is an impossibility.’</li> </ul> | <p>The NNE Demand Letter provides no response.</p> |
| <p><b>NNE Employs a Shady Auditor:</b></p> <ul style="list-style-type: none"> <li>• “The company’s auditor [WithumSmith+Brown] was recently sanctioned and fined [\$2</li> </ul>  | <p>The NNE Demand Letter provides no response.</p> |

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| million] by the Public Company Accounting Oversight Board for taking on hundreds of SPAC clients without necessary resources.”   |   |
| <p><b>NNE’s Nuclear Team is Part-Time:</b></p> <ul style="list-style-type: none"> <li>• “And while NNE has brought on scientists with strong track records to lead the development of their reactors, they, too, have other jobs.</li> <li>• Massimiliano Fraton and Peter Hosemann, the duo developing the Zeus reactor, are both engineering professors at UC Berkeley. The development of the Odin reactor is being led by scientists Ian Farnan, who is part of the research leadership at the Cambridge Nuclear Energy Centre and a past visiting professor at Stanford, and Eugene Shwageraus, a nuclear engineering professor at Cambridge University who previously taught in the nuclear engineering department at MIT.”</li> </ul> | The NNE Demand Letter provides no response. |
| <p><b>NNE’s Underwriter Only Works with Underperforming Companies:</b></p> <ul style="list-style-type: none"> <li>• “Nano also recently closed an equity deal with the underwriter The Benchmark Company, which has a history of working with underperforming companies. Hunterbrook’s review of stock price movements at companies that The Benchmark Company worked with showed a median decline in stock price of more than 40% in the following year.”</li> </ul>  | The NNE Demand Letter provides no response. |
| <p><b>NNE’s Timeline for a Fuel Fabrication Facility is Impossible:</b></p> <ul style="list-style-type: none"> <li>• NNE stated in a filing that ‘initial site preparation is scheduled to begin in 2025, with completion of construction and</li> </ul>   | The NNE Demand Letter provides no response. |

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| <p>commissioning occurring in 2027.”</p> <ul style="list-style-type: none"> <li>• “But the company has not issued a press release announcing the purchase of land for the development of such a facility. Once it does, building a fabrication plant would require regulatory signoff by the NRC, according to Macfarlane, the former chair of the NRC — and its records database does not include a permit application from NNE.”</li> </ul>  |  |
| <p><b>NNE’s Statements Regarding INL are Unsubstantiated:</b></p> <ul style="list-style-type: none"> <li>• NNE, which claims it will develop its reactors and fuel fabrication facility in collaboration with the Idaho National Laboratory, a major U.S. government-affiliated nuclear research lab, announced in February that the INL had completed a ‘pre-conceptual review’ of the company’s Odin reactor design and later said in an SEC filing that the INL had audited the designs for both reactors.</li> <li>• The INL was not quoted in the press release — and did not respond when Hunterbrook reached out for comment on whether it has a relationship with NNE.”</li> </ul> | <p>The NNE Demand Letter provides no response.</p> |
| <p><b>NNE Does Not Have Access to HALEU Fuel:</b></p> <ul style="list-style-type: none"> <li>• In March 2023, NNE signed a memorandum of understanding with Centrus that says the companies will ‘explore’ the possibility of Centrus providing HALEU to NNE’s HALEU Energy Inc. while NNE gets its own uranium supply going.</li> <li>• But the memorandum is</li> </ul>  | <p>The NNE Demand Letter provides no response.</p> |

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| <p>nonexclusive and nonbinding. And it could take Centrus several years to start producing HALEU at commercial levels, Matthew Memmott, an associate professor of chemical engineering at Brigham Young University, told Hunterbrook. Centrus itself said it could potentially scale its production up within 42 months — if the company secures enough funding.</p> <ul style="list-style-type: none"> <li>• Macfarlane, the former NRC chair, noted that Nano will not be the only company eager to buy Centrus' HALEU fuel.”</li> </ul> |  |
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123. Though NNE’s counsel attempted to intimidate Hunterbrook with threats to “pursue all available legal and equitable remedies for the damages incurred,” in the five months since transmittal of the NNE Demand Letter, NNE has taken no further action and Hunterbrook did not cave to *any* of its demands. NNE’s empty threats and Hunterbrook’s steadfast commitment to its publication bespeak the frailty of NNE’s ineffective responses.

### **The Barron’s Report**

124. Then on July 31, 2024, before the market opened, Barron’s published an article entitled “Andrew Cuomo is Back in Business—the Nuclear Power Business.” The Barron’s article noted that NNE’s “Prospectus notes that the company hasn’t built or patented any nuclear reactor. Its board of directors includes a Florida orthopedist and a New York pharmacist. As of mid-July, Nano’s filings said it had no full-time employees.” It also confirmed that “securities filings show that Nano’s top executives have spent much of the past decade promoting Canadian mining penny stocks” and that, contrary to the above-referenced statements, NNE had “produced little more than a Prospectus.”

125. The publication of the Barron’s article, when lent additional credence and credibility to the Hunterbrook Report’s allegations, caused NNE’s stock to drop an additional

7.37% to close at \$11.81 and 16.51% to close at 9.86 the following day on August 1, 2024 as the market absorbed the news.

### **The J Capital Report**

126. Post Class Period, on October 3, 2024, activist J Capital Research<sup>62</sup> also published a report regarding NNE (the “J Capital Report”). The J Capital Report states that its

research and reports express our opinions, which we have based upon generally available information, field research, inferences and deductions through our due diligence and analytical process. To the best of our ability and belief, all information contained herein is accurate and reliable and has been obtained from public sources we believe to be accurate and reliable, and who are not insiders or connected persons of the company covered herein or who may otherwise owe any fiduciary duty or duty of confidentiality to the company... Further, any report on this site contains a very large measure of analysis and opinion.

127. The 48-page J Capital Report details and corroborates much of the misconduct described herein, in the Hunterbrook Report and in the Barron’s article. J Capital makes clear that it is “enthusiastically in favor of new nuclear technologies, even speculative ones...[b]ut our research tells us that NNE is an empty stock promote of the worst type.” Based on an in depth investigation, the J Capital Report concludes that, inter alia: (i) “We believe this back-of-the- napkin nuclear idea is an obvious stock promote;” (ii) “[Defendant J. Yu] deploys an army of interns and a plethora of affiliated media companies like Financial Buzz Media Networks and Nuclear Insider to promote NNE;” (iii) “NNE shares the same space as an undisclosed related party called LIST;” (iv) “NNE CFO Jaisun Garcha is simultaneously CFO of at least five other companies,” including undisclosed related party LIST; (v) “NNE just spent \$1.7 mln on a “headquarters” in Tennessee even though the \$33k/mo lease on its office in New York (for fewer than five staff members ...) does not expire until 2031;” (vi) Service providers are notoriously third-tier;” (vii) “Management paid itself roughly \$1.5 mln in 2023 despite 0 revenues;” (viii) NNE

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<sup>62</sup> J Capital Research has a team of analysts and researchers, led by Anne Stevenson-Yang who contribute to the investigative reports.

IPO'ed with barely even the concept of a plan;" (ix) "Advisors [including Clark and Cuomo] remind us of Theranos 2.0;" and (x) "our research tells us that NNE is an empty stock promote of the worst type."

128. Consistent with the Hunterbrook Report, J Capital reported that Defendant Yu "and his team of market bro directors have been involved in a half dozen penny stocks that fell between 40-100% post IPO" and that Defendant Yu "and nearly all directors lack any experience in the nuclear industry." Specifically, the J Capital Report states that

NNE is a concept company led by a team of part-timers who, in our judgement, have been serial failures at penny-stock companies and small investment firms. The core team has been pitching companies for years in mining, biotech, air travel, AI, and anything else that sounds like it may excite the market. So far, the team has not had a success.

Based on our review of company documents and associated media, we believe NNE is an empty promote.

129. The J Capital Report provides five examples of ventures Defendant Yu has undertaken that have collapsed:

- i. Defendant Yu is president and board chairman of St. James Gold Corp (TSX-V: LORD), a Vancouver-based junior miner now worth \$3.3 mln that has gone nearly to zero. NNE CFO Jaisun Garcha has been CFO of St. James since 2022.
- ii. According to his LinkedIn, Defendant Yu was also an early-stage investor into Mayfair Gold Corp, another Ontario-based gold miner currently trading over the counter.
- iii. Defendant Yu is founder of failed private jetliner-sharing company Flewber Global, which issued a Nasdaq Prospectus in February 2024.
- iv. Defendant Yu's greentech company Base Carbon now trades over the counter for \$0.36.
- v. Yu founded CytoMed Therapeutics, a money-losing company that as of October 2 was trading 55% down for the year.

130. As to Defendant Walker, the J Capital Report described his involvement in "several pump-and-dump microcap stocks on the Toronto Venture Exchange," including Bayhorse Silver,

Xander Resources, and Totec Resources, as well as his role as senior executive manager of Ares Strategic Mining since 2020, which is down 74% since mid-2021 and trades over the counter at \$0.12 a share with a market cap of \$22 million.

131. Defendant Garcha's track record is similarly troubling. Along with his role as CFO at NNE, Garcha is concurrently CFO of St. James Gold, LIST, Flewber (to which Garcha has also extended loans via his company 681315 B.C. Ltd.), Snipp Interactive (accused online of pump and dump activity, and currently trades on the TSX at \$0.1 with a market capitalization of \$27 million), Four Arrows Corp. (a \$580,000 Vancouver-based company), and used to be CFO of Multivision Communications Corp. (Multivision reverse merged with ZoomAway, a \$1 million company which has also been accused of pump and dump activity).

132. The J Capital Report further revealed that none of NNE's directors have any relevant experience in the nuclear industry and that NNE's advisors are Wesley Clark (chairman of Rodman & Renshaw, which aggressively promoted fraudulent Chinese companies) and Andrew Cuomo (former NY governor who resigned following a sex scandal).

133. The Company has zero revenues, zero patents for its "proprietary" technology, no internal audit function, no property, plant or equipment aside from office space in New York and Tennessee, no full time employees, only 23% of its part time workforce actually works in R&D, and- unlike its competitors- receives no government funding. Yet, NNE claims it will launch its microreactors by 2030 or 2031, though there is no proof the Company actually has a viable technology that is plausibly approvable within that timeframe. As the J Capital Report observed, there is no publicly disclosed coolant information, no publicly disclosed core design, no information on what the reactors' power-conversion device might be, and no visible pre-application activity with the NRC even though the "back-and-forth often takes years."

134. Regarding its fuel fabrication business line, J Capital reported that NNE's "selected

site for the fuel facility” in Idaho is still only “anticipated.” Moreover, the anticipated cost of a fuel fabrication plant is \$150-200 million, requires a federal environmental impact statement, regulatory review, and licensing by the NRC which are costly and lengthy endeavors spanning several years. Defendants told investors in a July 9, 2024 S-1 that they had selected the site in Idaho near the INL to build a facility yet then inexplicably purchased the office building in Oak Ridge, Tennessee at the Heritage Center Industrial Park, the same location where LIST, for which Defendant Yu is President and Defendant Garcha is CFO, is “redeveloping” a facility, even though *none* of NNE’s executive employees live near Tennessee and the \$33,605 per month lease for its Manhattan headquarters (an office space that LIST as well as Defendant Yu’s personal consulting company I Financial Ventures Group also shares) does not expire until 2031. Moreover, based on an onsite visit, J Capital confirmed that that five employees at most work at headquarters.

135. J Capital further revealed that NNE has a “promotional complex” consisting of entities, all affiliated with Defendant Yu, designed to promote NNE and drive the stock price up though the Company does not actually have a commercialized business line. This includes I Financial Ventures Group, where Defendant Yu is the founder and sole shareholder, which has fundraised for NNE. NNE pays Defendant Yu via a contract with I Financial Ventures Group which owns ten million shares of NNE stock. I Financial Ventures Group is related to Financial Buzz Media Networks, which Defendant Yu founded, and which is a “sister organization” to Nuclear Insider. Nuclear Insider has published a minimum of thirteen articles (all of which appear to be published by NNE staff or interns) promoting NNE and microreactors. Nuclear Insider’s managing director, Sergio Tejada, also promotes NNE on Tik Tok, Facebook, LinkedIn and X.

#### **DEFENDANTS’ MATERIALLY FALSE AND MISLEADING STATEMENTS**

136. Before the start of the Class Period, on May 17, 2023, in a statement to the trade publication Utility Dive, Defendant Walker claimed approvals for the Company’s designs for a



fuel fabrication plant at the INL were “*pretty much complete.*” Walker also reportedly claimed that design work on the \$150 to \$200 million project could begin within months and that construction starting in 2024 was “feasible.”

137. The foregoing statements were false and misleading when made because the NRC had not initiated the pre-application process nor had NNE formally notified the NRC of its intent to engage in regulatory interactions with respect to the construction of a fuel fabrication plant at the INL.

138. The Class Period begins on May 8, 2024, the date that NNE began trading on the Nasdaq stock exchange. On May 9, 2024, Defendants filed a Prospectus on Form 424B4, in connection with NNE’s IPO (“May Prospectus”). The May Prospectus stated that, “You should only rely on the information contained in this Prospectus and in any free writing Prospectus prepared by or on behalf of us and delivered or made available to you. Neither we nor the underwriters have authorized anyone to provide you with additional or different information.”

139. In the May Prospectus, Defendants stated in the Prospectus that NNE is “***Led by a world class scientific and management team...***” and further stated:

Our technical team is world class, with simple and realizable reactor concepts that do not require exotic fuels and who are aware of all the difficulties faced by almost every other reactor company who has chosen alternative designs. Our team has a deep knowledge of applicable regulatory requirements surrounding safety, transportation, and decommissioning, and our designs have incorporated all these considerations from the outset.

140. The foregoing statements were false and misleading because Defendants, who comprised NNE’s “management team,” spent a majority of their time on other ventures, did not qualify as “world class” given their background leading floundering companies, and neither Defendant Yu nor Defendant Garcha possessed any relevant nuclear expertise. Moreover, not a single member of the “technical team” worked for NNE full time; indeed most held full time positions with other employers. *See ¶¶108-09, supra.*

141. Moreover, while acknowledging that Defendants spent time on other ventures aside from NNE, Defendants stated that they spent a majority of their hours on NNE and characterized risk that their “divided focus” posed to the business as purely hypothetical:

All of our officers are presently engaged by us as independent contractors due to the fact that they each have management, advisory or directorship positions with other companies and may allocate their time to other businesses. Mr. James Walker, Our Chief Executive Officer, ***currently allocates at least ten hours per week to support Ares Strategic Mining Inc. (or Ares), a Canadian-based company listed on the Canadian Stock Exchange under (Ticker: ARS) engaged in junior natural resource mining, where he is responsible for the construction of plants, purchases of land, operations, marketing, financing, safety regulation compliance, and shareholder relations. He is also concurrently serving on the board of directors of several small-cap publicly traded companies. Mr. Jay Jiang Yu, our founder, President, Secretary and Treasurer, and Chairman of the Board, has concurrently served on the board and management team of several companies and currently allocates at least 15 hours per week to his roles at other companies. Jaisun Garcha, our Chief Financial Officer, is currently, and will continue to, working full time with us, who is in the process of winding down his roles as the Chief Financial Officer of St. James Gold Corp. and Snipp Interactive Inc., both Canada-based publicly traded companies.***

Our executive officers are not employees of our company, instead, they serve as independent contractors and can be terminated by either party at any time. They may pursue any other activities and engagements during their terms of agreements with us. ***The exiting external commitments and any future commitments of our officers to other companies may potentially divert their significant time and attention away from the strategic and operational needs of our company. Their divided focus could lead to delays*** in decision-making, hinder effective communication within our organization, give rise to potential conflicts of interest, and introduce a divergence in priorities, consequently impacting the overall efficacy of leadership. Additionally, the potential for conflicting interests arising from commitments to multiple entities may pose challenges in aligning those officers’ priorities with the long-term goals and interests of our company, thereby introducing an element of uncertainty and potential disruption to our operations. It is essential to acknowledge and address these complexities to ensure that our officers can effectively balance their responsibilities and fulfill their commitments to our company while maintaining transparency and integrity in their various roles. Failure to do so may adversely affect our business, financial conditions, and results of operations.

142. The foregoing statements were false and misleading because Defendants did not spend a majority of their time on NNE and the risk that their “divided focus” would negatively impact NNE’s business plan had already materialized and rendered their impossible timelines for

commercializing microreactors and operating a fuel fabrication facility even more improbable.

143. In the May Prospectus, Defendants told investors that they could commercialize at least one of their microreactors by 2030-2031:

We estimate that our microreactor demonstration work will be conducted between 2024 and 2026, our microreactor licensing application will be processed between 2026 and 2031, and our microreactors will be launched between 2030 and 2031.

144. The foregoing statements were false and misleading because Defendants could not in fact commercialize a microreactor by 2030, as multiple industry experts attested, given that there is no existing regulatory framework tailored to approval of microreactors, Defendants had not yet begun the pre-application process with the NRC under an existing regulatory pathway, Defendants did not plan to pursue the regulatory process until implementation of 10 CFR Part 53, NNE did not have any full time employees dedicated to designing, developing, or obtaining regulatory approval for their microreactors, Defendants did not sufficiently invest in R&D, and NNE did not have government funding or any other sufficient source of capital to achieve commercialization of a microreactor by 2030.

145. Defendants provided further detail on the status of their Zeus and Odin microreactors to provide investors with the impression that they were progressing with the regulatory process though, in reality, they had not formally begun the process at all:

Both our ZEUS and ODIN microreactors have completed the preconceptual design stage, and are currently undergoing design optimization, and certain initial physical test work, to finalize the designs ahead of more involved demonstration work. We have conducted and completed a design audit on the ODIN reactor to provide assistance with design considerations. Additionally, the design audit for the ZEUS reactor was conducted and completed by INL in February 2024, the report of which is currently being finalized by INL. We have submitted a request for information to the U.S. Department of Energy (or DOE) to initiate the approval process for the allocation of a designated site. This allocation is intended for the purpose of conducting testing experiments for both microreactors. We have communicated with the U.S. Nuclear Regulatory Commission (or NRC) and DOE, informing them of the current status of our microreactor designs and the estimated internal timelines for our microreactor developments, with an understanding that definite timelines will be provided as early as possible, once available, to allow the NRC to arrange

the necessary personnel to oversee the microreactor licensing process.

146. The foregoing statements misled investors because an INL audit is an informal process with no regulatory significance and Defendants had not in fact begun the regulatory process or filed any pre-applications with the NRC.

147. Regarding its fuel fabrication business line, Defendants told investors in the May Prospectus that:

Through our subsidiary, HALEU Energy Fuel Inc., and in coordination with DOE and INL, we are seeking to develop a domestic High-Assay Low-Enriched Uranium (HALEU) fuel fabrication facility to supply the fuel not only for our own reactor products, but to the broader advanced nuclear reactor industry in general. During the second quarter of 2024, we plan to acquire land for the first CAT II non-TRISO HALEU fuel fabrication facility in the U.S. ***We hope to have our fuel fabrication facility near INL in operation as soon as 2027.***

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***We have been working with the DOE and INL on our fuel fabrication facility plans.***

148. The foregoing statements misled investors because Defendants' projected 2027 timeline for operation of a fuel fabrication facility, which an industry expert called a "fantasy," had no reasonable basis. NNE had not even begun the regulatory process for designing, building and operating a fuel fabrication facility. Defendants had not initiated the pre-application process with any regulator, had not received any funding from the DOE, had at most engaged in informal communications with INL, and had no prospects for obtaining HALEU to fabricate into fuel.

149. While Defendants conceded in the May Prospectus that the government had not provided any funding to NNE, they falsely told investors that this was an advantage:

***No Government Funding.*** Most SMR and microreactor companies are reliant on government grants and financing to progress their concepts. Consequently, their progress can cease once government funding is not available. Currently, we do not rely on government funding to sustain our business operations. While we will seek available government funding opportunities in future, the absence of government support does not impede our progress in advancing our research, business, or technological developments. Our leadership team possesses extensive experience

in successfully securing funding from both private and public sources. Additionally, our current investor base includes capital from industry professionals who recognize the immense potential of our company. Notwithstanding the foregoing, our limited operating history and early stage of business makes an evaluation of our business and prospects very difficult, we have a new and unproven technology model and may need to raise additional capital to implement our business plans.

150. The foregoing statements were false and misleading because NNE did not have anywhere near the billions in capital required to take its microreactors and fuel fabrication facility successfully through the NRC approval process from design through operation, so the lack of government funding put NNE at a significant disadvantage (as industry experts attested, *see supra*) as compared to competitors who had received government funding.

151. In the May Prospectus, Defendants also touted NNE's Executive Advisory Board comprised of military, scientific and governmental experts, including General Wesley K. Clark and Governor Andrew M. Cuomo:

We have assembled an Executive Advisory Board comprised of military, scientific and governmental experts. Our Executive Advisory Board provides industry knowledge and important contacts to our management team.

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Gen. Wesley K. Clark KBE has been the Chairman of Executive Advisory Board for Military and Defense since 2023. General Clark graduated first in his class from WestPoint Academy in June 1966 with a bachelor's degree, and was awarded a Rhodes Scholarship to the University of Oxford, where he obtained a M.A. degree in Economics. His military career involved multiple commands and spanned three decades, propelling him into the international spotlight. From 1994 to 1996, he acted as director of strategic plans and policy for the Joint Chiefs of Staff at the Pentagon. General Clark then took the role of the lead military negotiator for the Bosnian Peace Accords in 1995 before serving as the Supreme Allied Commander Europe, the second-highest military position within NATO, from July 1997 to May 2000. In 2000, Gen. Clark received the Presidential Medal of Freedom from President Bill Clinton for his service to the nation, and in 2003 ran for President of the United States. In 2004, Gen. Clark founded and continues to serve as Chairman and Chief Executive Officer of Wesley K. Clark & Associates, a strategic advisory and consulting firm, and in 2009, he co-founded and became chairman of Enverra, Inc., an investment banking firm. Between 2018 and 2019, Gen. Clark served as a Centennial Fellow at Georgetown University. In 2019, Gen. Clark founded Renew America Together, a non-profit intended to promote and achieve greater common

ground in America by reducing partisan division and gridlock. Gen. Clark currently also serves Chairman and Founder of Enverra, Inc., a licensed investment bank; Chairman of Energy Security Partners, LLC, an energy security company; as well as a board member for, among other companies, BNK Petroleum, Leagold Mining, and International Crisis Group. He also serves as the Co-Chair of Growth Energy, Chairman of Clean Terra, Inc., and Chairman of City Year Little Rock, an education advocacy group in that city.

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*Gov. Andrew M. Cuomo* has been our Executive Advisory Board Member since March 2024. Gov. Cuomo served as the 56th Governor of New York from 2011 to 2021. Before his tenure as governor, he was the Secretary of Housing and Urban Development under President Bill Clinton from 1997 to 2001 and served as New York's Attorney General from 2007 to 2010. Gov. Cuomo oversaw numerous significant initiatives, including the Clean Energy Standard, during his time in office as well as major infrastructure developments like the Mario M. Cuomo Bridge construction and the LaGuardia Airport redevelopment. He supported social initiatives such as the Marriage Equality Act and managed responses to Hurricane Sandy and the COVID-19 pandemic during his time as governor. Gov. Cuomo received a Bachelor of Arts degree from Fordham University and a Juris Doctor degree from Albany Law School.

152. However, the foregoing statements touting the Executive Advisory Board, and Clark and Cuomo's backgrounds in particular, misled investors because Defendants did not include that Clark was chairman of Rodman & Renshaw, an aggressive promoter of Chinese firms that turned out to be fraudulent or that Cuomo had resigned as New York Governor following a sex scandal and has no known background in nuclear technology.

153. Further, under "Experts," Defendants identified auditor WithumSmith+Brown, PC:

WithumSmith+Brown, PC (or Withum), our independent registered public accounting firm, has audited our consolidated balance sheets as of September 30, 2023 and 2022, and the related consolidated statements of operations, changes in stockholders' equity and cash flows for the year ended September 30, 2023 and for the period from February 8, 2022 (inception) through September 30, 2022, as set forth in their report dated January 30, 2024. We have included our consolidated financial statements in this prospectus and in the registration statement in reliance on Withum's report given on their authority as experts in accounting and auditing.

154. However, the foregoing statements misled investors because they omitted that the

Public Company Accounting Oversight Board sanctioned and fined Withum \$2 million in February of 2024 for “for taking on hundreds of SPAC clients without necessary resources” to properly monitor them.

155. Defendants also touted NNE’s nonbinding and nonexclusive MOU with Centrus in the May Prospectus:

On March 30, 2023, our subsidiary HALEU Energy entered into a memorandum of understanding with Centrus. Pursuant to this agreement, both parties will explore the possibility of Centrus providing High-Assay Low-Enriched Uranium (HALEU) to HALEU Energy, as needed, to support HALEU Energy’s research, development, and commercialization efforts, for fuel qualification, for our initial test reactor cores and our commercial variant micro reactors. The parties will also (i) explore the compatibility of HALEU Energy’s engineering and technical needs, and Centrus’ technical and manufacturing capabilities to satisfy those engineering and technical needs; (ii) explore Centrus providing engineering and/or advanced manufacturing services to HALEU Energy; and (iii) explore Centrus providing consulting services to HALEU Energy in the areas of fabrication, deconversion, regulatory and licensing, and transportation.

156. The foregoing statements misled investors because Defendants omitted that Centrus is years away from receiving regulatory approval and is still upgrading their technology, Centrus does not currently have the funding to scale production, NNE does not have a government grant or any other sufficient source of capital to fund procurement of HALEU from Centrus, and multiple better funded SMR companies that are further along in the development process than NNE will be ahead of NNE to purchase HALEU from Centrus.

157. The same day that Defendants filed the May Prospectus, Defendant Yu told The Ignition Newsletter that “

[T]here are three key areas that position NANO to succeed in the public markets;:

1. Vertical integration. As much as possible, the company is building components in-house.”

2. Additional revenue streams. Those transportation and HALEU



businesses will be key to producing revenue in the near term.

3. The team, people! “I think the public could see that they could come into a lower valuation company that has...world-class nuclear engineers,” Yu said.

including vertical integration, additional revenue streams aside from microreactors (i.e. the transportation and HALEU business lines) that “will be key to producing revenue in the near term,” and NNE’s team of “world-class nuclear engineers.”

~~157.158.~~ The foregoing statements were false and misleading because: (i) NNE’s additional revenue streams would not produce revenue for the Company in the near term because Defendants had not yet begun the required, and lengthy, regulatory approval process and faced substantial obstacles to obtaining enriched uranium; and (ii) NNE’s team of “world-class nuclear engineers” only worked for the Company part-time, spending a majority of their time on other ventures (e.g. full time professorial positions, *see* ¶108).

~~158.159.~~ On May 13, 2024, the Company issued a press release announcing the closing of its IPO for net proceeds of \$9,000,000 and touting that it was the first publicly listed nuclear microreactor company in the U.S. The press release stated, in relevant part that:

Nano Nuclear Energy Inc. [is]... *led by a world-class nuclear engineering team...*

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*NANO Nuclear intends to use the net proceeds from its initial public offering to continue the research and development of its proprietary microreactor designs, ‘ZEUS’ and ‘ODIN’; advance its exclusive patented license to transport commercial quantities of HALEU fuel needed for the future of the advanced nuclear industry; develop a domestic source for a High-Assay, Low-Enriched Uranium (HALEU) fuel fabrication pipeline for NANO Nuclear’s own microreactors and the broader advanced nuclear reactor industry, as well as general corporate purposes and working capital.*

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*Withum Smith+Brown PC are NANO Nuclear's registered independent auditors.*

~~159-160.~~ The foregoing statements were false and misleading because Defendants Yu and Garcha had no relevant nuclear experience; Defendants and the NNE employees that had relevant nuclear experience only worked for the Company part-time and spent a majority of their time on other ventures; NNE historically used most of its capital for G&A, not R&D; the “exclusive patented license to transport commercial quantities of HALEU fuel needed for the future of the advanced nuclear industry” belonged to Battelle Energy Alliance, not NNE; and Withum had been sanctioned and fined \$2 million by the PCAOB in February 2024 “for taking on hundreds of SPAC clients without necessary resources” to properly monitor them.

161. On May 20, 2024, the Company issued a press release announcing that General Wesley K. Clark congratulated NNE on its recent IPO and again touted Clark's value to the Company, which included Defendant Walker stating, “his role on our Executive Advisory Board will provide significant credibility and assistance [sic] we navigate in this rapidly evolving marketplace.”

162. The foregoing statements touting Clark's background and value to the Company misled investors because Defendants did not include that Clark was chairman of Rodman & Renshaw, an aggressive promoter of Chinese firms that turned out to be fraudulent.

~~160-163.~~ On June 4, 2024, Defendant Walker appeared on an interview with Triangle Investor. During the interview, Defendant Walker stated the following with respect to the Company's timelines:

**Interviewer:** ... let's say in the ideal circumstances when do you believe that those two [ZEUS and ODIN] can be on the market?

**Defendant Walker:** So just to give it a conservative timeline for the reactors themselves, because we already started the test work and demonstration work on the reactors, I would say that it's going to be about a two-year process. This year we'll do, we'll start rig work with non-nuclear material—so no uranium involved—and we'll just do validation of things like coolant flows channels and that that kind

of thing, and then we'll progress maybe late next year into using uranium in the reactors that we can just buy in and then do tests in an irradiated environment. ... At the conclusion of that work we then take all that data and we go to licensing, so there'll already be engagement with the licensing agency before then but just to give them timelines of what we're looking at, but that two-year process will be followed by about a three- to four-year process through the licensing, and that's a fairly, that's a length of time that's given to us by the NRC themselves, ***so that takes us up to about 2030-2031 in terms of a final product that's ready for market...***

~~161.~~164. The foregoing statements were false and misleading because Defendants could not in fact commercialize a microreactor by 2030, as multiple industry experts attested, given that there is no existing regulatory framework tailored to approval of microreactors, Defendants had not yet begun the pre-application process with the NRC under an existing regulatory pathway, Defendants did not plan to pursue the regulatory process until implementation of 10 CFR Part 53, NNE did not have any full time employees dedicated to designing, developing, or obtaining regulatory approval for their microreactors, Defendants did not sufficiently invest in R&D, and NNE did not have government funding or any other sufficient source of capital to achieve commercialization of a microreactor by 2030.

~~162.~~165. On June 18, 2024, NNE issued a press release titled "NANO Nuclear Energy Senior Director and Head of Reactor Design Prof. Massimiliano Fratoni Honored at American Nuclear Society's Annual Conference 2024 and Awarded the Untermeyer & Cisler Reactor Technology Metals," wherein Defendant Yu continued to tout NNE's world class team and Professor Fratoni's involvement in the development of the ZEUS microreactor in particular:

Prof. Fratoni and the rest of our world-class technical team have worked tirelessly on the development of 'ZEUS' to ensure that it is the embodiment of the next generation of advanced nuclear technology: smaller, cheaper and safer.

~~163.~~166. The foregoing statements were false and misleading because NNE's technical team, including Professor Fratoni, only worked for the Company part-time and spent a majority of their time on other ventures. Indeed, Professor Fratoni's LinkedIn profile states that during the

Class Period he worked full time for the University of California, Berkeley, as a professor.

~~164.167.~~ On June 20, 2024, NNE filed its Form 10-Q for the period ending March 31, 2024, signed by Defendants Walker and Garcha. Therein, Defendants repeated their misstatements regarding NNE's "world class" team:

*Led by a world class scientific and management team*, envisioned within our business plan is a comprehensive engagement across every sector of the nuclear power industry, traversing the path from sourcing raw nuclear material and fuel fabrication to the illumination of energy through our cutting edge and advanced small modular nuclear reactors (SMRs, also known as microreactors).

~~165.168.~~ The foregoing statements were false and misleading because Defendants, who comprised NNE's "management team," spent a majority of their time on other ventures, did not qualify as "world class" given their background leading floundering companies, and neither Defendant Yu nor Defendant Garcha possessed any relevant nuclear expertise. Moreover, not a single member of the "scientific team" worked for NNE full time; indeed most held full time positions with other employers. *See* ¶¶108-09, *supra*.

~~166.169.~~ Defendants also repeated their statements conveying to investors that they could launch their microreactors by 2030-2031:

We estimate that our microreactor demonstration work will be conducted between 2024 and 2026, our microreactor licensing application will be processed between 2026 and 2031, and our microreactors will be launched between 2030 and 2031.

~~167.170.~~ The foregoing statements were false and misleading because Defendants could not in fact commercialize a microreactor by 2030, as multiple industry experts attested, given that there is no existing regulatory framework tailored to approval of microreactors, Defendants had not yet begun the pre-application process with the NRC under an existing regulatory pathway, Defendants did not plan to pursue the regulatory process until implementation of 10 CFR Part 53, NNE did not have any full time employees dedicated to designing, developing, or obtaining regulatory approval for their microreactors, Defendants did not sufficiently invest in R&D, and

NNE did not have government funding or any other sufficient source of capital to achieve commercialization of a microreactor by 2030.

~~168-171.~~ Moreover, in the Form 10-Q Defendants touted NNE's "Ability to Develop our Microreactors" by touting design audits and NNE's relationship with INL:

We have conducted and completed a design audit on the ODIN reactor to provide assistance with design considerations. Additionally, the design audit for the ZEUS reactor was conducted and completed by INL in February 2024, the report of which is currently being finalized by INL.

~~169-172.~~ The foregoing statements misled investors because an INL audit is an informal process with no regulatory significance and Defendants had not in fact begun the regulatory process or filed any pre-applications with the NRC.

~~170-173.~~ Defendants also once again repeated their unrealistic 2027 timeline for operation of a fuel fabrication facility, again touting NNE's relationship with INL to provide investors with the impression that this relationship rendered the 2027 timeline plausible:

We are utilizing *our existing relationship with INL* to collaborate on the design, construction and commission of our own commercial nuclear High-Assay Low-Enriched Uranium ("HALEU") fuel fabrication facility to supply fabricated fuel to the next generation of advanced nuclear reactor companies, and to supply our own reactors currently under development to the U.S. nuclear industry, the U.S. National Laboratories, and the DOE's nuclear fuel needs as necessary. *We hope to have our fuel fabrication facility near INL in operation as soon as 2027.* Our proposed fuel fabrication facility is intended to form part of an integrated system with the INL's facilities, being sited directly outside the INL facilities to eliminate transport over civilian roads and making use of INL's capabilities such as fuel characterization. *Our submissions to the DOE to advance this fuel facility have been supported by INL, with our submission having been reviewed and edited by INL staff, and the facility site selection led and approved by INL personnel.*

~~171-174.~~ The foregoing statements misled investors because Defendants' projected 2027 timeline for operation of a fuel fabrication facility, which an industry expert called a "fantasy," had no reasonable basis. NNE had not even begun the regulatory process for designing, building and operating a fuel fabrication facility. Despite its touted relationships with INL and DOE, Defendants had not initiated the pre-application process with any regulator, had not received any funding from

a government regulator, had at most engaged in informal communications with INL, and had no prospects for obtaining HALEU to fabricate into fuel.

~~172-175.~~ While Defendants conceded in the May Prospectus that the government had not provided any funding to NNE, they had falsely told investors that this was an advantage, though in reality, the lack of government funding put the cash strapped Company at a distinct disadvantage as compared to competitor SMR companies that received substantial government funding.

~~173-176.~~ On June 23, 2024, Defendant Walker appeared on a podcast entitled Financial Freedom Podcast with Dr. Christopher Loo. During this podcast, Defendant Walker said the following with respect to the Company's long-term goals:

**Interviewer:** And finally, as we conclude your vision in future projects for Nano Nuclear Energy; the long term goals, how do you plan to achieve them and how do you envision the role of portable clean energy solutions in future energy markets?

**Defendant Walker:** So Nano is a very ambitious company on the microactive front. What we envision is in the early 2030's, if not 2030, we want to have a manufacturing facility that's producing hundreds of these microreactors a year...

On the fuel fabrication and the nuclear infrastructure side of things, our vision is to create a national manufacturing capability that's supplying the nuclear industry for private companies, public companies, but also the Department of Defense, the Department of Energy, the National Laboratory System, and so we've got big plans, work involved, and we also anticipate being involved in fuel transportation and also other capabilities... We're going to build them off of the next couple of years...

~~174-177.~~ The foregoing statements were false and misleading because Defendants could not in fact commercialize a microreactor by 2030, as multiple industry experts attested, given that there is no existing regulatory framework tailored to approval of microreactors, Defendants had not yet begun the pre-application process with the NRC under an existing regulatory pathway, Defendants did not plan to pursue the regulatory process until implementation of 10 CFR Part 53, NNE did not have any full time employees dedicated to designing, developing, or obtaining regulatory approval for their microreactors, Defendants did not sufficiently invest in R&D, and

NNE did not have government funding or any other sufficient source of capital to achieve commercialization of a microreactor by 2030. Moreover, the foregoing statements regarding fuel fabrication were false and misleading because Defendants’ projected 2027 timeline for operation of a fuel fabrication facility (to “build them off of the next couple of years...”), which an industry expert called a “fantasy,” had no reasonable basis because NNE had not even begun the regulatory process for designing, building and operating a fuel fabrication facility. Defendants had not initiated the pre-application process with any regulator, had not received any funding from the DOE, had at most engaged in informal communications with INL, and had no prospects for obtaining HALEU to fabricate into fuel.

~~175-178.~~ Defendants filed a Prospectus on Form 424B with the SEC on July 14, 2024 (“July Prospectus”) in connection with NNE’s supplemental offering of stock, repeating the misstatements in the May Prospectus. Specifically, Defendants once again touted NNE’s “world class” team:

Led by a world class scientific and management team, our business plan involves a comprehensive engagement across every sector of the nuclear power industry, traversing the path from sourcing raw nuclear material through to developing cutting edge advanced nuclear microreactors.

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Our technical team is world class, with simple and realizable reactor concepts that do not require exotic fuels and who are aware of all the difficulties faced by almost every other reactor company who has chosen alternative designs. Our team has a deep knowledge of applicable regulatory requirements surrounding safety, transportation, and decommissioning, and our designs have incorporated all these considerations from the outset.

~~176-179.~~ The foregoing statements were false and misleading because Defendants, who comprised NNE’s “management team,” spent a majority of their time on other ventures, did not qualify as “world class” given their background leading floundering companies, and neither Defendant Yu nor Defendant Garcha possessed any relevant nuclear expertise. Moreover, not a

single member of the “scientific” or “technical team” worked for NNE full time; indeed most held full time positions with other employers. *See* ¶¶108-09, *supra*.

~~177-180.~~ The July Prospectus also repeated misrepresentations regarding Defendants commitment and time spent on NNE as compared to their other ventures, and cited any risk pertaining to their “divided focus” as purely hypothetical:

All of our officers are presently engaged by us as independent contractors due to the fact that they each have management, advisory or directorship positions with other companies and may allocate their time to other businesses. Mr. James Walker, Our Chief Executive Officer, ***currently allocates at least ten hours per week to support Ares Strategic Mining Inc.*** (or Ares), a Canadian-based company listed on the Canadian Stock Exchange under (Ticker: ARS) engaged in junior natural resource mining, where he is responsible for the construction of plants, purchases of land, operations, marketing, financing, safety regulation compliance, and shareholder relations. He is also concurrently serving on the board of directors of several small-cap publicly traded companies. Mr. Jay Jiang Yu, our founder, President, Secretary and Treasurer, and Chairman of the Board, has concurrently served on the board and management team of several companies and ***currently allocates at least 15 hours per week to his roles at other companies. Jaisun Garcha, our Chief Financial Officer, is currently, and will continue to, working full time with us,*** who is in the process of winding down his roles as the Chief Financial Officer of St. James Gold Corp. and Snipp Interactive Inc., both Canada-based publicly traded companies.

Our executive officers are not employees of our company, instead, they serve as independent contractors and can be terminated by either party at any time. They may pursue any other activities and engagements during their terms of agreements with us. ***The exiting external commitments and any future commitments of our officers to other companies may potentially divert their significant time and attention away from the strategic and operational needs of our company.*** Their ***divided focus could lead to delays in decision-making,*** hinder effective communication within our organization, give rise to potential conflicts of interest, and introduce a divergence in priorities, consequently impacting the overall efficacy of leadership. Additionally, the potential for conflicting interests arising from commitments to multiple entities may pose challenges in aligning those officers’ priorities with the long-term goals and interests of our company, thereby introducing an element of uncertainty and potential disruption to our operations. It is essential to acknowledge and address these complexities to ensure that our officers can effectively balance their responsibilities and fulfill their commitments to our company while maintaining transparency and integrity in their various roles. Failure to do so may adversely affect our business, financial conditions, and results of operations.

~~178-181.~~ The foregoing statements were false and misleading because Defendants



did not spend a majority of their time on NNE and the risk that their “divided focus” would negatively impact NNE’s business plan had already materialized and rendered their impossible timelines for commercializing microreactors and operating a fuel fabrication facility even more improbable.

~~179-182.~~ In the July Prospectus, Defendants once again told investors they could commercialize at least one microreactor by 2030-31:

We estimate that our microreactor demonstration work will be conducted between 2024 and 2026, our microreactor licensing application will be processed between 2026 and 2031, and *our microreactors will be launched between 2030 and 2031.*

~~180-183.~~ The foregoing statements were false and misleading because Defendants could not in fact commercialize a microreactor by 2030, as multiple industry experts attested, given that there is no existing regulatory framework tailored to approval of microreactors, Defendants had not yet begun the pre-application process with the NRC under an existing regulatory pathway, Defendants did not plan to pursue the regulatory process until implementation of 10 CFR Part 53, NNE did not have any full time employees dedicated to designing, developing, or obtaining regulatory approval for their microreactors, Defendants did not sufficiently invest in R&D, and NNE did not have government funding or any other sufficient source of capital to achieve commercialization of a microreactor by 2030.

~~181-184.~~ Defendants provided further detail on the status of their Zeus and Odin microreactors to provide investors with the impression that they were progressing with the regulatory process though, in reality, they had not formally begun the process at all:

#### Our Ability to Develop Our Microreactors

In 2022, we began designing our two next-generation advanced nuclear microreactors, ZEUS and ODIN. ZEUS, is a solid core battery reactor, and ODIN, is a low-pressure salt coolant reactor. We aim to complete the design and concept evaluation for these reactors in under a two-year timeframe, progress through demonstration and physical test work, and initiate the licensing, certification, and development processes required to build a licensed prototype. *Our goal is to*



*commercially launch one of these microreactors by 2030.* The success of this endeavor will be dependent on our ability to effectively utilize our relationship with INL to advance our microreactor designs through demonstration work and take advantage of the large capabilities offered by the INL nuclear site. *We have conducted and completed a design audit on the ODIN reactor to provide assistance with design considerations. Additionally, the design audit for the ZEUS reactor was conducted and completed by INL in February 2024,* the report of which is currently being finalized by INL. The technical reactor audit provides external input and assistance to advance the concepts and provide validation for the microreactors' direction and technology.

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*The design audits for the reactors were conducted and completed by the Idaho National Laboratory (INL).* We are currently identifying sites for our test bed reactor site for the purpose of conducting testing experiments using nuclear material for both microreactors. *We have communicated with the U.S. Nuclear Regulatory Commission (or NRC) and DOE, informing them of the status of our microreactor designs and the estimated internal timelines for our microreactor developments,* with an understanding that definite timelines will be provided once available, to allow the NRC to arrange the necessary personnel to oversee the microreactor licensing process.

~~182.185.~~ The foregoing statements were false and misleading because Defendants could not in fact commercialize a microreactor by 2030, as multiple industry experts attested, given that there is no existing regulatory framework tailored to approval of microreactors, Defendants had not yet begun the pre-application process with the NRC under an existing regulatory pathway, Defendants did not plan to pursue the regulatory process until implementation of 10 CFR Part 53, NNE did not have any full time employees dedicated to designing, developing, or obtaining regulatory approval for their microreactors, Defendants did not sufficiently invest in R&D, NNE did not have government funding or any other sufficient source of capital to achieve commercialization of a microreactor by 2030, and an INL audit is an informal process with no regulatory significance.

~~183.186.~~ The July Prospectus continued to mislead investors regarding Defendants' unrealistic timeline for operation of a fuel fabrication facility:

Through our subsidiary, HALEU Energy Fuel Inc., and in coordination with DOE

and INL, we are seeking to develop a domestic High-Assay Low-Enriched Uranium (HALEU) fuel fabrication facility to supply the fuel not only for our own reactor products, but to the broader advanced nuclear reactor industry in general. During the second quarter of 2024, we plan to acquire land for the first CAT II non-TRISO HALEU fuel fabrication facility in the U.S. *We hope to have our fuel fabrication facility near INL in operation as soon as 2027.*

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*We have been working with the DOE and INL on our fuel fabrication facility plans.*

~~184.~~187. The foregoing statements misled investors because Defendants' projected 2027 timeline for operation of a fuel fabrication facility, which an industry expert called a "fantasy," had no reasonable basis. NNE had not even begun the regulatory process for designing, building and operating a fuel fabrication facility. Defendants had not initiated the pre-application process with any regulator, had not received any funding from the DOE, had at most engaged in informal communications with INL, and had no prospects for obtaining HALEU to fabricate into fuel.

~~185.~~188. While Defendants again conceded in the July Prospectus that the government had not provided any funding to NNE, they falsely told investors that this was an advantage:

**No Government Funding.** Most SMR and microreactor companies are reliant on government grants and financing to progress their concepts. Consequently, their progress can cease once government funding is not available. Currently, we do not rely on government funding to sustain our business operations. While we will seek available government funding opportunities in future, the absence of government support does not impede our progress in advancing our research, business, or technological developments. Our leadership team possesses extensive experience in successfully securing funding from both private and public sources. Additionally, our current investor base includes capital from industry professionals who recognize the immense potential of our company. Notwithstanding the foregoing, our limited operating history and early stage of business makes an evaluation of our business and prospects very difficult, we have a new and unproven technology model and may need to raise additional capital to implement our business plans.

~~186.~~189. The foregoing statements were false and misleading because NNE did not

have anywhere near the billions in capital required to take its microreactors and fuel fabrication facility successfully through the NRC approval process from design through operation, so the lack of government funding put NNE at a significant disadvantage (as industry experts attested, *see supra*) as compared to competitors who had received government funding.

~~187,190.~~ In the July Prospectus, Defendants again touted NNE's Executive Advisory Board comprised of military, scientific and governmental experts, including General Wesley K. Clark and Governor Andrew M. Cuomo:

We have assembled an Executive Advisory Board comprised of military, scientific and governmental experts. Our Executive Advisory Board provides industry knowledge and important contacts to our management team.

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Gen. Wesley K. Clark KBE has been the Chairman of Executive Advisory Board for Military and Defense since 2023. General Clark graduated first in his class from WestPoint Academy in June 1966 with a bachelor's degree, and was awarded a Rhodes Scholarship to the University of Oxford, where he obtained a M.A. degree in Economics. His military career involved multiple commands and spanned three decades, propelling him into the international spotlight. From 1994 to 1996, he acted as director of strategic plans and policy for the Joint Chiefs of Staff at the Pentagon. General Clark then took the role of the lead military negotiator for the Bosnian Peace Accords in 1995 before serving as the Supreme Allied Commander Europe, the second-highest military position within NATO, from July 1997 to May 2000. In 2000, Gen. Clark received the Presidential Medal of Freedom from President Bill Clinton for his service to the nation, and in 2003 ran for President of the United States. In 2004, Gen. Clark founded and continues to serve as Chairman and Chief Executive Officer of Wesley K. Clark & Associates, a strategic advisory and consulting firm, and in 2009, he co-founded and became chairman of Enverra, Inc., an investment banking firm. Between 2018 and 2019, Gen. Clark served as a Centennial Fellow at Georgetown University. In 2019, Gen. Clark founded Renew America Together, a non-profit intended to promote and achieve greater common ground in America by reducing partisan division and gridlock. Gen. Clark currently also serves Chairman and Founder of Enverra, Inc., a licensed investment bank; Chairman of Energy Security Partners, LLC, an energy security company; as well as a board member for, among other companies, BNK Petroleum, Leagold Mining, and International Crisis Group. He also serves as the Co-Chair of Growth Energy, Chairman of Clean Terra, Inc., and Chairman of City Year Little Rock, an education advocacy group in that city.

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Gov. Andrew M. Cuomo has been our Executive Advisory Board Member since March 2024. Gov. Cuomo served as the 56th Governor of New York from 2011 to 2021. Before his tenure as governor, he was the Secretary of Housing and Urban Development under President Bill Clinton from 1997 to 2001 and served as New York's Attorney General from 2007 to 2010. Gov. Cuomo oversaw numerous significant initiatives, including the Clean Energy Standard, during his time in office as well as major infrastructure developments like the Mario M. Cuomo Bridge construction and the LaGuardia Airport redevelopment. He supported social initiatives such as the Marriage Equality Act and managed responses to Hurricane Sandy and the COVID-19 pandemic during his time as governor. Gov. Cuomo received a Bachelor of Arts degree from Fordham University and a Juris Doctor degree from Albany Law School.

~~188.191.~~ However, the foregoing statements touting the Executive Advisory Board, and Clark and Cuomo's backgrounds in particular, misled investors because Defendants did not include that Clark was chairman of Rodman & Renshaw, an aggressive promoter of Chinese firms that turned out to be fraudulent or that Cuomo had resigned as New York Governor following a sex scandal and has no known background in nuclear technology.

~~189.192.~~ Further, under "Experts," Defendants identified auditor WithumSmith+Brown, PC:

WithumSmith+Brown, PC (or Withum), our independent registered public accounting firm, has audited our consolidated balance sheets as of September 30, 2023 and 2022, and the related consolidated statements of operations, changes in stockholders' equity and cash flows for the year ended September 30, 2023 and for the period from February 8, 2022 (inception) through September 30, 2022, as set forth in their report dated January 30, 2024. We have included our consolidated financial statements in this prospectus and in the registration statement in reliance on Withum's report given on their authority as experts in accounting and auditing.

~~190.193.~~ The foregoing statements misled investors because they omitted that the Public Company Accounting Oversight Board sanctioned and fined Withum \$2 million in February of 2024 for "for taking on hundreds of SPAC clients without necessary resources" to properly monitor them.

~~191.194.~~ In the July Prospectus, Defendants also once again touted NNE's nonbinding and nonexclusive MOU with Centrus in the Prospectus:

On March 30, 2023, our subsidiary HALEU Energy entered into a memorandum of understanding with Centrus. Pursuant to this agreement, both parties will explore the possibility of Centrus providing High-Assay Low-Enriched Uranium (HALEU) to HALEU Energy, as needed, to support HALEU Energy's research, development, and commercialization efforts, for fuel qualification, for our initial test reactor cores and our commercial variant micro reactors. The parties will also (i) explore the compatibility of HALEU Energy's engineering and technical needs, and Centrus' technical and manufacturing capabilities to satisfy those engineering and technical needs; (ii) explore Centrus providing engineering and/or advanced manufacturing services to HALEU Energy; and (iii) explore Centrus providing consulting services to HALEU Energy in the areas of fabrication, deconversion, regulatory and licensing, and transportation.

~~192.195.~~ The foregoing statements misled investors because Defendants omitted that Centrus is years away from receiving regulatory approval and is still upgrading their technology, Centrus does not currently have the funding to scale production, NNE does not have a government grant or any other sufficient source of capital to fund procurement of HALEU from Centrus, and multiple better funded SMR companies that are further along in the development process than NNE will be ahead of NNE to purchase HALEU from Centrus.

### **THE TRUTH EMERGES**

~~193.196.~~ On July 19, 2024, investigative journalist Hunterbrook Media published a report entitled "Fission Impossible: Nano Nuclear has no revenue, no Products, "Laughable" Timelines, Part-Time Executives, and a \$600 Million Market Cap." As described above, the Hunterbrook Report quoted industry experts who called NNE's timeline for commercialization "frankly laughable," revealed that NNE's top management were independent contractors also working as executives of a number of other penny-stock companies, and that officials at the U.S. NRC and DOE were not aware of NNE and the Company had not begun pre-application activities for the kind of reactor NNE is pitching, and that NNE had filed no permitting or regulatory application documents with the NRC.

~~194.197.~~ The Hunterbrook Report additionally quoted from interviews with industry experts who were deeply skeptical of NNE's claims and projected timelines for commercialization. Allison

Macfarlane, the director of the University British Columbia's School of Public Policy and Global Affairs and a prior chair of the NRC, was quoted as saying NNE's timeline "won't happen" noting that licensing alone could easily take six or seven years.

~~195-198.~~ Similarly, Paul Dorfman, a visiting fellow at the University of Sussex's Science Policy Research Unit said NNE "cannot produce this stuff in the time scales that they promise," calling it "an impossibility" and NNE's projected timeline "frankly laughable."

~~196-199.~~ The Hunterbrook Report additionally revealed that NNE was not identified as a reactor designer or non-power researcher and test reactors that have formally notified the NRC of their intent to engage in regulatory interactions.

~~197-200.~~ Additionally, the Hunterbrook Report noted that NNE's auditor Withum Smith + Brown, was sanctioned and fined \$2 million by the Public Company Accounting Oversight Board in February of 2024 for "for taking on hundreds of SPAC clients without necessary resources" to properly monitor them.

~~198-201.~~ After the market closed on July 23, 2024, in an exclusive interview with Benzinga, Defendant Yu, and Defendant Walker responded to the allegations in the Hunterbrook Report. Defendant Yu did not challenge a single claim in the report but instead claimed that Hunterbrook Media had "ulterior motives" (though Hunterbrook Media did not transact in NNE prior to publication of the report) and that therefore "none of what is said can be taken seriously, by anyone," ignoring that Hunterbrook backed up each allegation with factual support. Defendant Walker claimed in conclusory fashion with no supporting facts that Macfarlane and Dorfman, were "known to be anti-nuclear and would never say anything good about any nuclear venture." Defendant Walker also claimed the authors of the Hunterbrook Report "lack[ed] education" on nuclear reactors and that microreactors historically took two to three years to license, but did not address the fact that NNE had not yet begun the process, that there is no regulatory framework in

place tailored to microreactors, that Defendants’ projected timeline referred to commercialization—not licensing, and that there is no “historic” benchmark for obtaining approvals given that microreactors are a new technology. Defendant Yu also disputed the claim in the Hunterbrook Report that its authors reached out to the Company seeking comment. However, Benzinga’s article was later updated to note that “Hunterbrook Media provided Benzinga with two emails it said were sent to Nano Nuclear earlier in July requesting comment.”

~~199-202.~~ In reaction to this interview, NNE’s share price dropped 7% the following day, falling from a previous close of \$15.49 per share on July 23, 2024 to \$14.37 on July 24, 2024.

~~200-203.~~ Then on July 31, 2024, before the market opened, Barron’s published an article entitled “Andrew Cuomo is Back in Business—the Nuclear Power Business.” The Barron’s article noted that NNE’s “Prospectus notes that the company hasn’t built or patented any nuclear reactor. Its board of directors includes a Florida orthopedist and a New York pharmacist. As of mid-July, Nano’s filings said it had no full-time employees.” It also confirmed that “securities filings show that Nano’s top executives have spent much of the past decade promoting Canadian mining penny stocks” and that, contrary to the above-referenced statements, NNE had “produced little more than a Prospectus.”

~~201-204.~~ The publication of the Barron’s article, when lent additional credence and credibility to the Hunterbrook Report’s allegations, caused NNE’s stock to drop an additional 7.37% to close at \$11.81 and 16.51% to close at 9.86 the following day on August 1, 2024 as the market absorbed the news.

### **POST-CLASS PERIOD EVENTS**

~~202-205.~~ After the Class Period, another investigative journalist, J Capital Research, published a scathing report accusing NNE of being a “rampant stock promotion. The 48-page J Capital Report details and corroborates much of the misconduct described herein, in the



Hunterbrook Report and in the Barron's article. J Capital makes clear that it is "enthusiastically in favor of new nuclear technologies, even speculative ones...[b]ut our research tells us that NNE is an empty stock promote of the worst type." Based on an in depth investigation, the J Capital Report concludes that, inter alia: (i) "We believe this back-of-the-napkin nuclear idea is an obvious stock promote;" (ii) "[Defendant J. Yu] deploys an army of interns and a plethora of affiliated media companies like Financial Buzz Media Networks and Nuclear Insider to promote NNE;" (iii) "NNE shares the same space as an undisclosed related party called LIST;" (iv) "NNE CFO Jaisun Garcha is simultaneously CFO of at least five other companies," including undisclosed related party LIST; (v) "NNE just spent \$1.7 mln on a "headquarters" in Tennessee even though the \$33k/mo lease on its office in New York (for fewer than five staff members ...) does not expire until 2031;" (vi) "Service providers are notoriously third-tier"; (vii) "Management paid itself roughly \$1.5 mln in 2023 despite 0 revenues;" (viii) "NNE IPO'ed with barely even the concept of a plan;" (ix) "Advisors [including Clark and Cuomo] remind us of Theranos 2.0;" and (x) "our research tells us that NNE is an empty stock promote of the worst type."

203-206. Consistent with the Hunterbrook Report, J Capital reported that Defendant Yu "and his team of market bro directors have been involved in a half dozen penny stocks that fell between 40-100% post IPO" and that Defendant Yu "and nearly all directors lack any experience in the nuclear industry." Specifically, the J Capital Report states that "

NNE is a concept company led by a team of part-timers who, in our judgement, have been serial failures at penny-stock companies and small investment firms. The core team has been pitching companies for years in mining, biotech, air travel, AI, and anything else that sounds like it may excite the market. So far, the team has not had a success.

Based on our review of company documents and associated media, we believe NNE is an empty promote.

204-207. The J Capital Report provides five examples of ventures Defendant Yu has undertaken that have collapsed:



- vi. Defendant Yu is president and board chairman of St. James Gold Corp (TSX-V: LORD), a Vancouver-based junior miner now worth \$3.3 mln that has gone nearly to zero. NNE CFO Jaisun Garcha has been CFO of St. James since 2022.
- vii. According to his LinkedIn, Defendant Yu was also an early-stage investor into Mayfair Gold Corp, another Ontario-based gold miner currently trading over the counter.
- viii. Defendant Yu is founder of failed private jetliner-sharing company Flewber Global, which issued a Nasdaq Prospectus in February 2024.
- ix. Defendant Yu's greentech company Base Carbon now trades over the counter for \$0.36.
- x. Yu founded CytoMed Therapeutics, a money-losing company that as of October 2 was trading 55% down for the year.

~~205-208.~~ As to Defendant Walker, the J Capital Report described his involvement in “several pump-and-dump microcap stocks on the Toronto Venture Exchange,” including Bayhorse Silver, Xander Resources, and Totec Resources, as well as his role as senior executive manager of Ares Strategic Mining since 2020, which is down 74% since mid-2021 and trades over the counter at \$0.12 a share with a market cap of \$22 million.

~~206-209.~~ Defendant Garcha's track record is similarly troubling. Along with his role as CFO at NNE, Garcha is concurrently CFO of St. James Gold, LIST, Flewber (to which Garcha has also extended loans via his company 681315 B.C. Ltd.), Snipp Interactive (accused online of pump and dump activity, and currently trades on the TSX at \$0.1 with a market capitalization of \$27 million), Four Arrows Corp. (a \$580,000 Vancouver-based company), and used to be CFO of Multivision Communications Corp. (Multivision reverse merged with ZoomAway, a \$1 million company which has also been accused of pump and dump activity).

~~207-210.~~ The J Capital Report further revealed that none of NNE's directors have any relevant experience in the nuclear industry and that NNE's advisors are Wesley Clark (chairman of Rodman & Renshaw, which aggressively promoted fraudulent Chinese companies) and Andrew

Cuomo (former NY governor who resigned following a sex scandal).

~~208-211.~~ The Company has zero revenues, zero patents for its “proprietary” technology, no internal audit function, no property, plant or equipment aside from office space in New York and Tennessee, no full time employees, only 23% of its part time workforce actually works in R&D, and- unlike its competitors- receives no government funding. Yet, NNE claims it will launch its microreactors by 2030 or 2031, though there is no proof the Company actually has a viable technology that is plausibly approvable within that timeframe. As the J Capital Report observed, there is no publicly disclosed coolant information, no publicly disclosed core design, no information on what the reactors’ power-conversion device might be, and no visible pre-application activity with the NRC even though the “back-and-forth often takes years.”

~~209-212.~~ Regarding its fuel fabrication business line, J Capital reported that NNE’s “selected site for the fuel facility” in Idaho is still only “anticipated.” Moreover, the anticipated cost of a fuel fabrication plant is \$150-200 million, requires a federal environmental impact statement, regulatory review, and licensing by the NRC which are costly and lengthy endeavors spanning several years. Defendants told investors in a July 9, 2024 S-1 that they had selected the site in Idaho near the INL to build a facility yet then inexplicably purchased the office building in Oak Ridge, Tennessee at the Heritage Center Industrial Park, the same location where LIST, for which Defendant Yu is President and Defendant Garcha is CFO, is “redeveloping” a facility, even though *none* of NNE’s executive employees live near Tennessee and the \$33,605 per month lease for its Manhattan headquarters (an office space that LIST as well as Defendant Yu’s personal consulting company I Financial Ventures Group also shares) does not expire until 2031. Moreover, based on an onsite visit, J Capital confirmed that that five employees at most work at headquarters.

~~210-213.~~ J Capital further reveled that NNE has a “promotional complex” consisting of entities, all affiliated with Defendant Yu, designed to promote NNE and drive the stock price up

though the Company does not actually have a commercialized business line. This includes I Financial Ventures Group, where Defendant Yu is the founder and sole shareholder, which has fundraised for NNE. NNE pays Defendant Yu via a contract with I Financial Ventures Group which owns ten million shares of NNE stock. I Financial Ventures Group is related to Financial Buzz Media Networks, which Defendant Yu founded, and which is a “sister organization” to Nuclear Insider. Nuclear Insider has published a minimum of thirteen articles (all of which appear to be published by NNE staff or interns) promoting NNE and microreactors. Nuclear Insider’s managing director, Sergio Tejada, also promotes NNE on Tik Tok, Facebook, LinkedIn and X.

### **LOSS CAUSATION/ECONOMIC LOSS**

211-214. Defendants’ wrongful conduct, as alleged herein, directly and proximately caused the economic loss, i.e., damages, suffered by Plaintiff and the Class.

212-215. On July 19, 2024, the Hunterbrook Report revealed that NNE’s purported progress towards regulatory approval for its microreactor designs and fuel fabrication facility was wildly overstated and that its executive leadership as well as any employees with relevant nuclear experience are all part-time employees. The Hunterbrook Report was authored by Jake Conley, an investigative reporter who has covered everything from fracking and sea slavery to ghost guns and Kevin Spacey. Conley has an M.S. from the Columbia Journalism School, where he was a Toni Stabile fellow for investigative journalism. Jim Impoco, Editor-at-Large at Hunterbrook and Daniel Sherwood, Hunterbrook’s Senior Investigator and Financial Editor edited the Hunterbrook Report.<sup>63</sup> The Hunterbrook Report included a legal disclaimer making clear that, “We strive to ensure the accuracy and reliability of the information provided, drawing on sources believed to be

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<sup>63</sup> Prior to joining Hunterbrook, Impoco was an award-winning former editor-in-chief of Newsweek Prior to joining Hunterbrook, Sherwood worked at The Capitol Forum, a premium subscription financial publication, where he was an Editor & Senior Correspondent, writing and managing market-moving investigative reports and building the Upstream database. Prior to The Capitol Forum, Sherwood conducted undercover investigations into fossil fuel companies and other research and served as an Honors Law Clerk in the Criminal Enforcement Division of the EPA.

trustworthy.” While the Hunterbrook Report relies on publicly available information it also contains the author’s “opinions” and “analyses,” not previously published by any other market participant, and interviews with industry insiders. Hunterbrook makes clear on its website that its “investigations are [] rigorously fact checked, copy-edited, and legally vetted.” It describes its process in detail, substantiating its unwavering commitment to “always be ethical,” “always be legal,” and never to “lie, embellish or exaggerate.” Hunterbrook also does not pay or accept payment from sources. Moreover, one of its policies is that “

Hunterbrook Media employees and freelancers cannot play the stock market during the term of their contract.” They must disclose their holdings to legal and compliance upon onboarding, and for the duration of their contract are prohibited from the purchase or sale of any individual stock.

While Hunterbrook states on its website generally that it “reserves the right to transact in these securities *post-publication*, adopting positions which may be long, short, or neutral, irrespective of initial reporting on positions,” there is no indication that Hunterbrook took a short position in NNE at any point.<sup>64</sup>

~~213.216.~~ NNE’s share price declined over 10% after Hunterbrook released its report on July 19, 2024.

~~214.217.~~ As the market absorbed the significance of the revelations in the Hunterbrook Report, NNE’s share price continued to decline. On July 22, 2024, NNE’s stock price fell from a July 19, 2024 close of \$19.30 per share to a July 22, 2024 close of \$15.97 per share, a 17% decline.

~~215.218.~~ After the market closed on July 23, 2024, in an exclusive interview with Benzinga, NNE’s Chairman, Jay Yu, and CEO, James Walker, responded to the allegations in the Hunterbrook Report. Yu claimed Hunterbrook Media had “ulterior motives” and that “none of

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<sup>64</sup> However, Hunterbrook *Capital*, Hunterbrook’s investment firm affiliate, did take a short position in NNE based on Hunterbrook’s reporting.

what is said can be taken seriously, by anyone.” Walker claimed the experts quoted in the Hunterbrook Report, Allison Macfarlane and Paul Dorfman, were “known to be anti-nuclear and would never say anything good about any nuclear venture.” Walker also claimed the authors of the Hunterbrook Report “lack[ed] education” on nuclear reactors and that microreactors historically took two to three years to license.

~~216-219.~~ Yu also disputed the claim in the Hunterbrook Report that its authors reached out to the Company seeking comment. Benzinga’s article was later updated to note that “Hunterbrook Media provided Benzinga with two emails it said were sent to Nano Nuclear earlier in July requesting comment.”

~~217-220.~~ In reaction to this interview, NNE’s share price dropped 7% the following day, falling from a previous close of \$15.49 per share on July 23, 2024 to \$14.37 on July 24, 2024.

~~218-221.~~ Finally, on July 31, 2024, before the market opened, Barron’s published an article entitled Andrew Cuomo is Back in Business—the Nuclear Power Business. The Barron’s article noted that NNE’s “Prospectus notes that the company hasn’t built or patented any nuclear reactor. Its board of directors includes a Florida orthopedist and a New York pharmacist. As of mid-July, Nano’s filings said it had no full-time employees.” It also confirmed that “securities filings show that Nano’s top executives have spent much of the past decade promoting Canadian mining penny stocks” and that NNE had “produced little more than a Prospectus.”

~~219-222.~~ On this news, NNE’s stock dropped a further 7.37% to \$11.81 on July 31, 2024 from a previous days close of \$12.75 and 16.51% to close at 9.86 the following day on August 1, 2024 as the market absorbed the news.

~~220-223.~~ The decline in NNE’s stock price is directly attributable to the revelations concerning the Company’s false and misleading statements about its regulatory approvals and timelines for commercialization and its unpersuasive response to the allegations in the Hunterbrook

Report and subsequent media reporting.

### ADDITIONAL SCIENTER ALLEGATIONS

~~221-224.~~ As alleged herein, Defendants acted with scienter in that they knew the public documents and statements issued or disseminated in the name of the Company were materially false and misleading; knew that such statements or documents would be issued or disseminated to the investing public; and knowingly and substantially participated or acquiesced in the issuance or dissemination of such statements or documents and in actions intended to manipulate the market price of NNE's common stock as primary violations of the federal securities laws. As set forth elsewhere herein in detail, Defendants, by virtue of their receipt of information reflecting the true facts regarding NNE, their control over, and/or receipt or modification of, the Company's allegedly materially misleading misstatements, and/or their associations with the Company that made them privy to confidential proprietary information concerning NNE, participated in the fraudulent scheme alleged herein.

~~222-225.~~ From inception and throughout the Class Period, NNE produced nothing, incurred losses, and earned no revenue. When working on NNE *as opposed to one of their other ventures*, each of the Individual Defendants therefore ~~had undivided~~ were laser--focused on the development of, and impediments to successfully commercializing their microreactors by 2030 and operating a fuel fabrication facility by 2027.

~~223-226.~~ Moreover, each of the Individual Defendants reported on the regulatory framework (including pending regulations) relevant to obtaining approval from the NRC to design, build, and commercialize their microreactors, and to design, build, and operate a fuel fabrication facility, in the SEC filings they authorized and issued. They thus had knowledge of the attendant requirements.

~~224-227.~~ Defendants Yu, Walker and Garcha each had actual knowledge of their

own involvement with other ventures aside from NNE and the time spent on those ventures. They each also had knowledge of their own deleterious track record of leading underperforming public companies that became penny stocks.

~~225-228.~~ Defendants' exorbitant compensation also contributes to the inference of scienter. Though the Company has no revenues, millions in losses, no marketable product, and no patents, Defendants, who are not full-time employees, paid themselves handsomely. In 2023 and 2024, Defendants collectively earned almost \$2 million.

~~226-229.~~ Moreover, following the IPO, Defendant Yu owned 10.7 million shares of NNE common stock, approximately 35% of the Company's shares, and Defendant Walker owned 1 million shares, approximately 3.27% of the Company's shares. At NNE common stock's high during the Class Period, reached on June 25, 2024, Defendant Yu's holdings were worth over \$401.3 million and Defendant Walker's holdings were worth approximately \$37.51 million.

~~227-230.~~ NNE also paid Defendant Yu \$10,000 per month for office space while concurrently leasing another office for approximately \$33,000 per month. Specifically, since April 1, 2024, the Company has rented its corporate headquarters at 10 Times Square, 30th Floor, New York, NY 10018 for approximately \$33,605 per month. Despite this, and despite only a handful of on-site employees, Defendants inexplicably also entered a short-term lease at 1411 Broadway, 38th Floor, New York, NY 10018 for \$10,000 per month until August 31, 2024, payable to Flewber – a related party Defendant Yu runs and for which Defendant Garcha is CFO. Even more peculiar is that a month after the Class Period, on August 28, 2024, Defendants announced that they had spent \$1.67 million to purchase a two-story, 14,000 square foot office building sitting on 1.64 acres of land at Heritage Center Industrial Park in Oak Ridge, TN. There is no apparent justification for expending any of the firm's much needed capital on this facility in light of NNE's miniscule workforce, lack of product, that NNE only has one employee located in

Tennessee (Amy Moore), its announcement that it plans to build its fuel fabrication facility in Idaho near the INL facilities, and the fact that the lease for its current headquarters at 10 Times Square does not expire until 2031 according to NNE's SEC filings. However, LIST (a related party Defendants did not disclose in any of the Class Period filings)- for which Defendant Yu is President, Defendant Garcha is CFO, and Director Law is independent director- is curiously also "redeveloping a facility in Heritage Center Industrial Park in Oak Ridge, TN."

~~228,231.~~ CW1 communicated to Defendant Yu that the stated timelines were unrealistic.

~~229,232.~~ The fact that *every* member of NNE's technical and scientific team, including the four scientists developing the ZEUS and ODIN microreactors, held full time employment outside of NNE contributes to the inference of Defendants' scienter when issuing misstatements touting NNE's "world class" technical and scientific teams, and misstatements touting NNE's timelines for commercialization of the microreactors and operation of a fuel fabrication facility.

~~230,233.~~ As such, the Individual Defendants knew or were reckless in not knowing of the undisclosed facts detailed herein.

#### **APPLICABILITY OF THE FRAUD-ON-THE-MARKET DOCTRINE**

~~231,234.~~ Plaintiff will rely upon the presumption of reliance established by the fraud-on-the- market doctrine that, among other things:

- a) Defendants made public misrepresentations or failed to disclose material facts during the Class Period;
- b) The omissions and misrepresentations were material;
- c) The Company's common stock traded in efficient markets;



- d) The misrepresentations alleged herein would tend to induce a reasonable investor to misjudge the value of the Company's common stock; and
- e) Plaintiff and other members of the class purchased the Company's common stock between the time Defendants misrepresented or failed to disclose material facts and the time that the true facts were disclosed, without knowledge of the misrepresented or omitted facts.

~~232-235.~~ At all relevant times, the markets for the Company's stock were efficient for the following reasons, among others: (i) the Company filed periodic public reports with the SEC; and (ii) the Company regularly communicated with public investors via established market communication mechanisms, including through regular disseminations of press releases on the major news wire services and through other wide-ranging public disclosures such as communications with the financial press, securities analysts, and other similar reporting services. Plaintiff and the Class relied on the price of the Company's common stock, which reflected all information in the market, including the misstatements by Defendants.

#### **NO SAFE HARBOR**

~~233-236.~~ The statutory safe harbor provided for forward-looking statements under certain conditions does not apply to any of the allegedly false statements pleaded in this Complaint. The specific statements pleaded herein were not identified as forward-looking statements when made.

~~234-237.~~ To the extent there were any forward-looking statements, there were no meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the purportedly forward-looking statements.

#### **CLASS ACTION ALLEGATIONS**

~~235-238.~~ Plaintiff brings this action as a class action pursuant to Rule 23 of the Federal Rules of Civil Procedure on behalf of a class of all persons and entities who purchased or otherwise

acquired NNE common stock between May 8, 2024 through July ~~18~~30, 2024, inclusive. Excluded from the Class are Defendants and their families, the officers and directors of the Company, at all relevant times, members of their immediate families, and their legal representatives, heirs, successors or assigns and any entity in which defendants have or had a controlling interest.

~~236-239~~. The members of the Class are so numerous that joinder of all members is impracticable. The disposition of their claims in a class action will provide substantial benefits to the parties and the Court.

~~237-240~~. There is a well-defined community of interest in the questions of law and fact involved in this case. Questions of law and fact common to the members of the Class which predominate over questions which may affect individual Class members include:

- a) Whether Defendants violated the Exchange Act;
- b) Whether Defendants omitted and/or misrepresented material facts;
- c) Whether Defendants' statements omitted material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading;
- d) Whether Defendants knew or recklessly disregarded that their statements were false and misleading;
- e) Whether the price of the Company's stock was artificially inflated; and
- f) The extent of damage sustained by Class members and the appropriate measure of damages.

~~238-241~~. Plaintiff's claims are typical of those of the Class because Plaintiff and the Class sustained damages from Defendants' wrongful conduct alleged herein.

~~239-242~~. Plaintiff will adequately protect the interests of the Class and has retained counsel who are experienced in class action securities litigation. Plaintiff has no interests that conflict with

those of the Class.

~~240.243.~~A class action is superior to other available methods for the fair and efficient adjudication of this controversy.

## COUNT I

### **For Violations of §10(b) of the Exchange Act and Rule 10b-5 Promulgated Thereunder (Against All Defendants)**

~~241.244.~~Plaintiff repeats and re-alleges each and every allegation contained above as if fully set forth herein.

~~242.245.~~During the Class Period, Defendants disseminated or approved the false statements specified above, which they knew or deliberately disregarded were misleading in that they contained misrepresentations and failed to disclose material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

~~243.246.~~Defendants violated §10(b) of the Exchange Act and Rule 10b-5 in that they (i) employed devices, schemes, and artifices to defraud; (ii) made untrue statements of material fact and/or omitted to state material facts necessary to make the statements not misleading; and (iii) engaged in acts, practices, and a course of business which operated as a fraud and deceit upon those who purchased or otherwise acquired the Company's securities during the class period.

~~244.247.~~Plaintiff and the Class have suffered damages in that, in reliance on the integrity of the market, they paid artificially inflated prices for the Company's common stock. Plaintiff and the Class would not have purchased the Company's common stock at the price paid, or at all, if they had been aware that the market prices had been artificially and falsely inflated by Defendants' misleading statements.

## COUNT II

### **For Violation of §20(a) of the Exchange Act (Against All Defendants)**

~~245-248.~~Plaintiff repeats and re-alleges each and every allegation contained above as if fully set forth herein.

~~246-249.~~Defendants acted as controlling persons of the Company within the meaning of §20(a) of the Exchange Act as alleged herein. By virtue of their high-level positions at the Company, the Individual Defendants had the power and authority to cause or prevent the Company from engaging in the wrongful conduct complained of herein. The Individual Defendants were provided with or had unlimited access to the documents in which false or misleading statements were made and other statements alleged by Plaintiff to be false or misleading both prior to and immediately after their publication, and had the ability to prevent the issuance of those materials or to cause them to be corrected so as not to be misleading.

~~247-250.~~Following the IPO and throughout the Class Period, Defendant Yu beneficially owned an aggregate of 10,700,000 shares of NNE common stock, with constituted between 34.96-36.56% ownership of the Company. Under NNE's bylaws, Defendant Yu's ownership interest alone constituted a quorum. Due to his ownership of a material percentage of NNE's outstanding common stock, Defendant Yu had significant control over NNE and his interests did not align with shareholders.

~~248-251.~~The Company controlled the Individual Defendants and all of its employees. By reason of such conduct, Defendants are liable pursuant to §20(a) of the Exchange Act.

#### **PRAYER FOR RELIEF**

WHEREFORE, Plaintiff prays for relief and judgment, as follows:

A. Determining that this action is a proper class action pursuant to Rule 23(a) and 23(b)(3) of the Federal Rules of Civil Procedure on behalf of the Class as defined herein, and a certification of Plaintiff as class representative pursuant to Rule 23 of the Federal Rules of Civil Procedure and appointment of Plaintiff's counsel as Lead Counsel;

B. Awarding compensatory and punitive damages in favor of Plaintiff and the other class members against all Defendants, jointly and severally, for all damages sustained as a result of Defendants' wrongdoing, in an amount to be proven at trial, including pre-judgment and post-judgment interest thereon.

C. Awarding Plaintiff and other members of the Class their reasonable costs and expenses in this litigation, including attorneys' fees, experts' fees and other reasonable costs and disbursements; and

D. Awarding Plaintiff and the other Class members such other relief as this Court may deem just and proper.

#### **DEMAND FOR JURY TRIAL**

Plaintiff hereby demands a trial by jury.

Dated: ~~January 6~~ March 14, 2025

Respectfully submitted,

POMERANTZ LLP

/s/ Tamar A. Weinrib

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